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A huge, saucer-shaped radar system is the most distinguishing feature of the Customs P3 aircraft.

FRONT COVER:
A town crier in New York City proclaims the 199th anniversary of the U.S. Customs Service.

SECRETARY OF THE TREASURY: Nicholas F. Brady ■ **COMMISSIONER OF CUSTOMS:** William von Raab ■ **EDITOR:** Patricia Coss

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PREFACE

Customs duties triggered the American Revolution, then financed the new United States of America.

Not many people think of the Townshend and Stamp Acts as tariff acts. Few connect the Boston Tea Party with customs duties imposed on tea. Most Americans who cite "taxation without representation" as a major cause of the Revolution have never paid customs duties and don't know what they are.

By 1789 the colonists had won the war, but the fledgling nation teetered on the brink of bankruptcy. How to pay millions in war debts?

With memories of the British colonial apparatus in America lingering, it took a man with the stature of James Madison to propose a new customs service. His wisdom and tenacity underlie creation of the U.S. Customs Service on July 31, 1789.

In fiscal year 1988, the eve of our bicentennial, the Customs Service threw a spotlight on the proud Customs heritage. We rededicated historic customhouses from San Francisco to Kennebunkport, Maine. We issued a series of historical newsletters, calendars and booklets. Inspectors nationwide began wearing the bicentennial insignia on their sleeves.

And Customs continued to make history. In FY 1988 the agency seized 1,353 pounds of heroin, 918,954 pounds of marijuana and 139,958 pounds of cocaine, nearly 60 percent more cocaine than Customs confiscated in FY 1987.

The Interdiction Committee (TIC), chaired by U.S. Customs, undertook major antidrug initiatives such as Zero Tolerance and Alternatives to the Use of Deadly Force. With the former, Customs no longer tolerates the smuggling of any measurable quantity of drugs across U.S. borders and seeks the prosecution of drug violators, regardless of amounts seized.

The latter is designed to thwart the use of private aircraft in narcotics smuggling.

More than seven million containers enter this country every year. They are a prime target for drug smugglers. To counter the threat, Customs has developed a strategy of automated intelligence, coordination with other agencies and intensified examinations.

The effort paid off last year with the seizure of more than 39,000 pounds of cocaine stashed in commercial cargo.

In the commercial arena, the Automated Commercial System (ACS) came of age in FY 1988. Users have grown steadily since the birth of the system in 1984 so that ACS now supports nearly 3,000 Customs terminals; 800 remote units link the trade community to ACS.

ACS has four basic modules: the Automated Broker Interface (ABI), which provides for the exchange of electronic entry data with brokers and importers; the Automated Manifest System (AMS), which allows the exchange of electronic manifest data with carriers and port authorities; Selectivity, which automatically identifies high-risk shipments for intensive review by Customs officers; and the Financial System, which controls and accounts for the $14 billion in payments collected by Customs each year.

During FY 1988 the percentage of entry summaries handled by ABI rose from 33 to more than 60 percent. ABI participants in the importing community increased from 140 to 550.

Customs expanded Selectivity processing from 70 to 130 ports. Line release, a system for speeding low-risk shipments through the Northern and Southern border ports, was used for nearly a million shipments.

Looking toward the 21st century, Customs' vision is that the trading systems of the future will be paperless, predictable and fully integrated with our partners in the private sector.

The Day One Task Force is promoting that vision, developing ideas for the future and implementing recommendations in the McKinsey Report, which provides the Customs blueprint for the trade system of tomorrow.

In the international arena, highlights included establishment of our first common border facility with Canada and training Korean Customs officers in anticipation of the 24th Olympic Games in Seoul.

To improve Customs operations, the agency turns to Customs' internal auditors for independent, objective evaluations. During FY 1988, we issued 60 audit reports, representing $1.1 million in potential monetary advantage to Customs.

As a result of Zero Tolerance, Customs seized a record amount of property in FY 1988. A General Accounting Office (GAO) review of the Customs contractor-operated seized property program substantiated its efficiency and integrity. Customs is saving roughly $500,000 a year in labor costs alone.

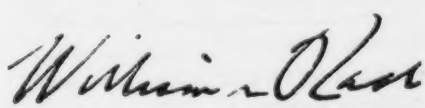
Getting back to law enforcement, Customs is leading the way in steroid investigations. A recent case produced several arrests and the seizure of $600,000 in steroids.

Our financial investigations in FY 1988 yielded approximately 700 arrests and seizures totaling roughly $118 million.

Operation Alliance—a coordinated multiagency drug initiative—brought in seizures of 324,528 pounds of marijuana, 20,929 pounds of cocaine and 100 pounds of heroin in FY 1988.

A unique aircraft, the P-3 airborne early warning aircraft, joined the Customs fleet and Customs opened its first state-of-the-art Command, Control, Communications and Intelligence Center in Riverside, California.

Customs has much to celebrate as the agency enters its 200th year.



Organization

Part of the Department of the Treasury, the U.S. Customs Service predates that agency by one month. Customs became a separate bureau in 1927. The Bureau of Customs was renamed the U.S. Customs Service in August 1973.

Today 45 districts and areas with some 300 ports of entry are supervised by seven Regional Commissioners.

The Commissioner of Customs is appointed by the Secretary of the Treasury. Customs headquarters in Washington, D.C. is organized into five major offices headed by Assistant Commissioners for enforcement, inspection and control, commercial operations, international affairs and internal affairs. The Comptroller of Customs oversees administration.

The Chief Counsel, an arm of the General Counsel of the Treasury Department, advises the Commissioner on legal matters.

Overseas, U.S. Customs maintains offices in U.S. embassies or consulates in Bangkok, Bonn, Dublin, Hermosillo, Hong Kong, London, Mexico City, Milan, Monterrey, Ottawa, Panama City, Paris, Rome, Tokyo, Seoul, Singapore, Vienna and The Hague. An attaché represents U.S. Customs in the U.S. Mission to the European Communities in Brussels.

Mission

An act "to regulate the collection of the duties . . ." created the U.S. Customs Service on July 31, 1789. Time has expanded rather than altered that mission. Customs now:

- Assesses and collects customs duties, excise taxes, fees and penalties due on imported goods.
- Prevents fraud and smuggling.
- Controls carriers, persons and cargo entering and departing the United States.
- Intercepts illegal high-technology exports to Soviet Bloc nations.
- Cooperates with other federal agencies in suppressing the traffic in illicit narcotics and pornography.
- Enforces reporting requirements of the Bank Secrecy Act.
- Protects the American public by enforcing auto safety and emission control standards, flammable fabric restrictions, animal and plant quarantine requirements.
- Protects U.S. business and labor by enforcing regulations dealing with copyrights, trademarks and quotas.

As the principal border enforcement agency of the United States, Customs enforces some 400 provisions of law on behalf of more than 40 federal agencies.

The Interdiction Committee

The greatly expanded role of the Customs Service in the interdiction of narcotics has never been more evident than now.

Since its designation as the lead agency for drug interdiction by the National Drug Policy Board in 1987, Customs has maintained a leadership role while establishing a distinctive record of accomplishments.

Initial responsibilities included the development, implementation and coordination of policies, organizational strategies and budget concepts for the nation's overall drug interdiction efforts.

In order to discharge these responsibilities, the Interdiction Committee (TIC) was formed. The Commissioner of Customs serves as the chairman of TIC.

Together with the Coast Guard, which serves as the deputy of the Interdiction Committee, Customs stresses multi-agency team-building and leadership in effective law enforcement, and interdiction efforts on both a national and international scale.

The National Interdiction Strategy, presented by Commissioner von Raab to the President's Cabinet in 1987, has progressed to the implementation phase and is having a very positive impact on this nation's efforts to curtail drug smuggling.

With the recent addition of the National Security Council, membership of the Interdiction Committee includes: the Customs Service, the Coast Guard, the Drug Enforcement Administration (DEA), the Immigration and Naturalization Service (INS), the Department of Defense (DOD) and the National Narcotics Border Interdiction System (NNBIS).

Associate members are the Federal Aviation Administration (FAA), the State Department and the Federal Bureau of Investigation (FBI).

Major initiatives undertaken by the Interdiction Committee and Customs include: Alternatives to the Use of Deadly Force (to thwart the use of general aviation aircraft in drug smuggling) and the Zero Tolerance program, aimed at securing criminal prosecution of every individual who attempts to bring dangerous drugs across the borders in any measurable amount, thereby sending a message to traffickers and suppliers that they will no longer have a place to sell drugs.

After participating in a passenger processing exercise, San Juan Explorers inspect the bridge of a tourist ship.

1-800-BE-ALERT

The U.S. Customs Service has been conducting a nationwide Drug Smuggling Awareness Program since 1987.

The basis of the program is a 24-hour toll-free hotline, 1-800-BE-ALERT, that citizens can call to report suspect drug information. Callers may choose to remain anonymous and are eligible for cash rewards of up to $2,500 if the information results in an arrest, seizure or indictment. Documented informants are eligible to receive rewards of up to $250,000.

In addition to the hotline, we have established a speakers bureau to educate local community groups on our efforts. We have distributed radio and television public service announcements, posters, pamphlets and keychains to increase citizen awareness. All these efforts emphasize the program's theme, "You *Can* Help!"

Already Customs has received more than 15,000 calls via the hotline. Many have been referred to other federal, state and local law enforcement agencies for action.

As a result of the calls, nearly 60 individuals have become documented informants and numerous seizures of vehicles, planes, vessels, currency and illegal narcotics have been made.

Customs Explorers

The U.S. Customs Exploring Program provides exceptional educational and job experiences to more than 45 Customs Explorer Posts nationwide.

This program is a unique way of recruiting highly qualified young adults who have been exposed to various Customs operations over a number of years.

From the fall of 1986 through the fall of 1988, Customs explorers contributed over 170,000 manhours of voluntary service.

Some of the tasks explorers perform include: collecting passenger declarations at international arrival areas; assisting inspectors with the examination of empty containers; and opening, then resealing mail after inspectors make their examination.

During the past year the Headquarters Explorer Program Office has developed and distributed a revised Explorer Handbook, an Advisors Resource Guide, a revised Recruiting Pamphlet and, with the Office of Human Resources, a new U.S. Customs Explorer Employment Handbook.

This material has greatly assisted the regions in standardizing the exploring program nationally and has exhanced the Explorer Intern and Summer Hire programs. Over the past few years, 170 explorers have participated in these programs and five have later become full-time employees.

After finding 18 pounds of heroin aboard, the Newark Contraband Enforcement Team (CET) seized a $10 million container ship.

INSPECTION AND CONTROL

Container Strategy

Multiton narcotics seizures and many intelligence indicators point to commercial cargo and containers as the major threat for narcotics smuggling into the United States. More than seven million containers are entering sea and land border ports every year. Inspection of even a small portion of these is a monumental job.

In response to this problem, Inspection and Control developed a multilevel strategy to attack the narcotics threat in cargo.

Advance information from carriers is utilized by Manifest Review Units (MRU's) to target suspect shipments prior to arrival. With the advent of enforcement screens in the Automated Manifest System, this review process will be more sophisticated and streamlined.

Advanced MRU targeting, even in the non-electronic environment, has proven extremely valuable and has played an important part in most of the large narcotics seizures in containerized cargo.

Further, Customs is working with DEA and other intelligence agencies to place more intelligence emphasis on the use of commercial shipments by narcotics traffickers. OAS personnel have been dedicated to convert this intelligence into tactical targets in ACS. Almost every commercial shipment is processed through the selectivity module of ACS so that the intelligence and targeting information will be available to line inspectors and Contraband Enforcement Teams (CET).

Conducting physical exams of containers has been a perennial problem for Customs. With the advent of Centralized Examination Stations (CES), Customs finally has the capability to perform thorough exams, plus the equipment to facilitate those exams.

The fruits of these efforts are very clear—more than 39,000 pounds (19.5 tons)—of cocaine were seized in FY 1988.

Before the summer Olympics in South Korea, Robert Mueller and other inspectors at JFK distributed fact sheets designed to make return U.S. inspections trouble free.

Passenger Processing

FY 1988 was a banner year for the land border program. An additional 200 inspectional positions were strategically allocated along the Southwestern Border. These additional positions gave Customs the ability to open several more lanes of traffic to shorten passenger waiting times.

More than 100 fiberscopes, which permit inspectors to readily examine the inside of gas tanks and other inaccessible areas, were distributed to the field in an effort to increase seizures, decrease inspector examination time and reduce tort claims.

In November 1987, Customs embarked on a major enforcement effort designed to make the personal drug user as accountable for his illegal activity as the major drug trafficker.

Customs no longer tolerates the smuggling of *any amount* of drugs across U.S. borders and seeks the prosecution of drug violators regardless of amounts seized.

The Zero Tolerance Program was implemented on March 21, 1988, after being endorsed by the National Drug Policy Board.

It envelops many initiatives: disqualification of commercial truck drivers from driving on interstate highways when convicted of drug offenses; seizure and forfeiture of conveyances used to transport drugs; seizure of conveyances used in the importation of drug paraphernalia; seizure of passports or INS documents as evidence in prosecution.

Zero Tolerance grew to include all elements of Customs inspection on air, land and sea.

Analysis of Zero Tolerance activity reports reveals that federal, state and local courts have a prosecution rate of 51.6 percent of all drug offenses, regardless of amount. Cooperation from state, local and other federal agencies is resulting in an ever-increasing number of prosecutions.

Airport Security

Since the inception of the Airport Security Program in 1986, Customs has completed criminal history checks on more than 152,000 individuals who have applied for access to authorized inspection areas at airports. Of these applicants, 1,366 individuals were denied the privilege and 134 persons were arrested, based on their criminal histories.

In the last year, the Office of Inspection and Control has taken steps to make the program more effective. All applicants are now *required* to submit fingerprints at the time of application.

To put some teeth into the program, the regulations now require that all affected employers post a bond, holding them responsible for compliance by themselves and their employees. This enables Customs to assess liquidated damages, in the amount of $1,000, against the employer for each violation of the regulations.

The Office of Inspection and Control has taken two important steps to counter any terrorist incident. First, we have gone through dry runs—actual evacuation of passengers and securing of an area until the responsible agency arrives. In some instances, these exercises have included the acting out of hostage situations and the ensuing negotiations by the appropriate agency.

In addition, the Office of Inspection and Control has purchased mobile x-ray vans which are being delivered to 14 locations. These vans contain state-of-the-art x-ray technology that can be driven to the needed area to assist in the detection of weapons, explosives, drugs, currency, etc.

With the increased incidence of terrorism and narcotics smuggling, along with pressure by the air transport industry to facilitate passenger flow, Customs is pursuing the collection of advance passenger information. The Air Passenger Information System (APIS) helps identify individuals suspected of illegal activity, prior to their arrival.

Operational Analysis Staffs

Since July 1985, the prime responsibility of the Operational Analysis Staffs (OAS) has been the development and maintenance of ACS Cargo Selectivity Enforcement Criteria. These criteria identify specific high-risk situations, transactions and entities.

Better criteria come mainly from interaction between inspectors and import specialists who process cargo. Personnel assigned to OAS have usually worked as inspectors or import specialists prior to their selection for OAS positions.

In FY 1988 the OAS staffing level was increased from 83 analysts at 27 locations to 142 analysts at 40 locations to support the growing informational need of Customs personnel.

One new OAS created in 1988 is located at the El Paso Intelligence Center (EPIC). This office has been established to work closely with DEA and other EPIC users to create new narcotics alerts based

A homemade water pump discharges a 12.14 pound opium seizure for Customs Mail Technician Grant Hughes of Oakland, California.

on the many additional resources of other federal agencies.

Training, new equipment and additional staffing have had a positive effect on the selectivity program. Through more effective criteria, we are able to release 83 percent of imported shipments with no physical examination of the cargo. At the same time, the OAS units have effectively targeted high-risk shipments.

In the first three quarters of 1988, seizures based on ACS cargo selectivity criteria surpassed total seizures for all of last year.

Paperless Entry

Customs anticipates that 20 percent of all entries will be paperless by January 1, 1989 as a result of Paperless Cargo Release, implemented in August 1988.

This goal represents 2.14 million shipments (1.2 million entries and 940,000 line releases).

Paperless entry is available to all ABI importers and filers who are certified to transmit the cargo release transactions. It benefits brokers and importers by providing an expeditious exchange of information as well as the least intrusive and most labor-saving means of entry processing.

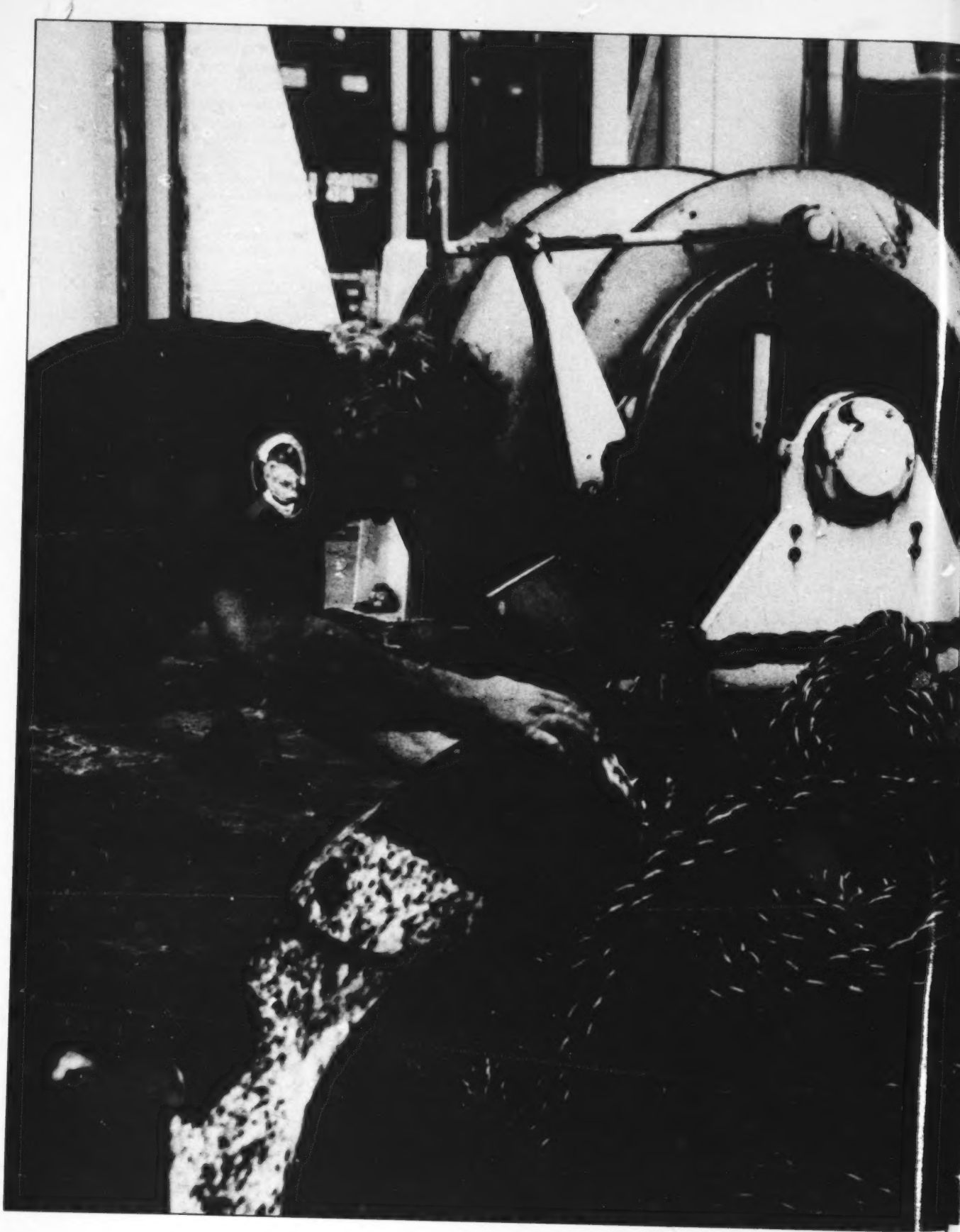
In order to isolate and prevent clearance of inadmissible goods, the broker/importer transmission is matched to a Customs database which ensures that sensitive merchandise, which requires an examination or a document review, is not permitted paperless entry.

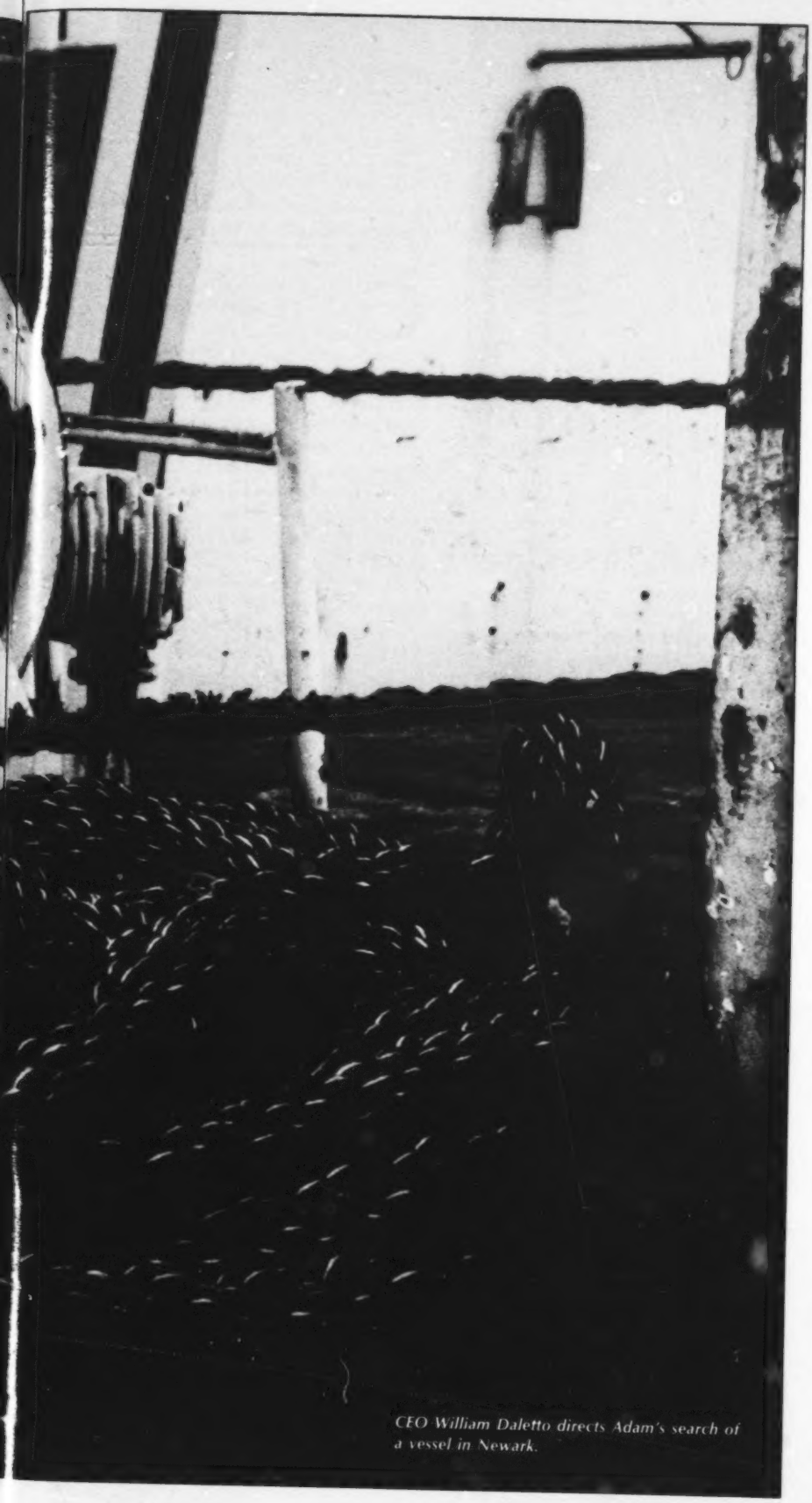
If information relating to a suspect importer or manufacturer exists, the shipment is also disqualified from paperless entry.

Customs is in the process of encouraging other federal agencies to participate in our paperless cargo release program by either eliminating or decreasing their paper requirements at the time of entry. These agencies include the Food and Drug Administration, Fish and Wildlife Service, Department of Transportation, Environmental Protection Agency and the Bureau of Alcohol, Tobacco and Firearms.

Mail Program

Over the past year, Inspection and Control has developed and implemented a plan of targeted action which has dramatically increased revenue collections and narcotics seizures in the international mail branches.





CEO William Daletto directs Adam's search of a vessel in Newark.

The 21 Customs mail branches have seized more than 162 pounds of heroin, 1,230 pounds of marijuana and 1,100 pounds of opium. The combined weight of all narcotics seized in 1988 represents a 60 percent increase over narcotics seized in 1987.

Collections will exceed $25 million this year, the highest ever recorded. These accomplishments resulted in a Commissioner's unit citation for the Oakland Mail Facility and a test to automate the mail entry-processing and data-collection systems.

Cargo Processing

Cargo operations along the Northern and Southern Borders underwent significant change in 1988.

Customs aggessively pursued such issues as uniform procedures, development of paperless processing, facilitation of low-risk shipments, reduction of traffic congestion and increased enforcement examinations.

Line release was implemented at high-volume ports along both borders. ACS Cargo Selectivity is in place at the major Southern Border cargo-processing ports.

A joint U.S./Canadian facility opened in June at Danville, Washington/Carson, British Columbia. Construction began on a second at Alburg, Vermont/Noyan, Quebec.

Along the Southern Border, Customs identified physical barriers, bottlenecks created by obsolete access ways and cargo-processing facilities as a critical cargo delay factor. A Customs team performed extensive facility surveys to assess needs and identify specific problems.

The FY 1988 Congressional Appropriations Bill provided $28.7 million for improvements. Recent facility improvement projects include the following priorities:

Otay Mesa—A separate bulk-cargo inspection area was established for the pumping of asphalt tankers and unlading and inspection of other types of bulk cargo. GSA is working on the acquisition of additional acreage at Otay Mesa for cargo processing.

El Paso—Some expansion of the import lot was completed in April, and two new line release booths are now operational. This has increased our ability to process commercial trucks by 50 percent.

A 30-truck staging area in the import lot and two new Centralized Examination Station (CES) facilities are operational and have relieved congestion.

On cargo duty in Highgate Springs, Vermont, CI Sue Lussier examines a shipment of photo albums.

Laredo—The city has assisted in establishing a temporary satellite lot with a 120-truck capacity. Three line release booths have been built.

Nogales—A CES has been designated and a contractor has been selected to devan trucks.

Negotiations with Mexican Customs have resulted in positive action. U.S. and Mexico Customs are aligning hours of service to allow efficient utilization of staffing resources and control of traffic congestion.

Part of Oakland's Mail Enforcement Team—(l-r) CET Inspector Jim Johnson, Customs Mail Technician (CMT) Catalino Dumlao and CMT Rudy Cello—hard at work.

The two Customs Services are working on the development of an innovative program to facilitate maquiladora (twin plant) shipments. The program calls for strict security and control of volunteering maquiladora operations, including sealing of the supervised shipments, to eliminate the risk that those shipments will be used by narcotics smugglers.

This program will identify low-risk shipments and expedite their processing through Mexico Customs export procedures and U.S. Customs import procedures.

Inspection and Control created a high-enforcement profile along the Northern and Southern Borders by increasing the number of enforcement exams as well as publicizing the 1-800 BE ALERT and Zero Tolerance programs.

Significant narcotics seizures involving cargo operations include: 2,735 pounds of cocaine hidden in the false roof of a tractor trailer, seized at Hidalgo; 2,237 pounds of marijuana hidden in a tanker truck, discovered in Laredo; and 8,452 pounds of marijuana hidden behind milk crates, seized at Hidalgo.

Private Vessels & Aircraft

Customs established a Small Boat Reporting Program in the Miami District late last year.

Initially there were 14 reporting locations stretching from Key West to Sebastian, Florida. Based on comments received from the public, another 10 reporting stations were established and a marine visa program was implemented.

The reporting stations have direct lines to the Blue Lightning Operations Center (BLOC) in Miami. BLOC officers input relevant information into TECS and other automated systems. Based on query results, a determination is made as to the need for further processing. Spot checks are performed by mobile teams with marine support from the Office of Enforcement.

Customs is working with the FAA on alternatives to counter airborne smuggling, including improved registration and pilot documentation as well as increased monitoring of international aircraft movements.

Further, the TECS-FAA interface became operational along the Southern tier, and Customs is working with FAA to expand this system for automated notification of arrivals.

ENFORCEMENT

Drug smugglers landing private planes at clandestine airstrips have often been shocked to see a Customs Blackhawk helicopter setting down in front of them.

This past year has seen many changes taking place within the Special Investigations Division. Since Customs is relying more heavily on undercover operations, expanding responsibilities led to the Undercover Unit's designation as a branch.

Several years ago Customs had the foresight to look towards revamping the border lookout system known as TECS. The system had been around for many years and Customs wanted to take advantage of computer developments in recent years to enhance its enforcement activities.

This division represented the Office of Enforcement in defining enforcement needs and working with the Office of Data Systems as well as other Customs elements in bringing this project to fruition.

Enforcement offices have approximately 300 TECS terminals to use in querying records in the system as well as accessing other data systems and utilizing the TECS II case management transactions to assign cases, write reports and generate statistical information on arrests and seizures.

This year we responded to a gigantic task when asked to define the requirements, justify and order more than $850,000 worth of technical surveillance equipment.

While some of this will stay in headquarters' inventory, available for temporary assignment to the field to support undercover operations and other special surveillance needs, most of the equipment will be assigned to field offices for their use in routine investigative activities.

Customs transferred its Polygraph Program from the Office of Internal Affairs to Enforcement. Our headquarters and field polygraph examiners are highly respected among their peers as a result of the high standards which have been adopted and followed by them.

The division conducted five undercover operation schools during 1988 for operatives, supervisors and managers and psychological coordinators. In all, 134 agents attended the training instruction.

The 1986 Anti-Drug Abuse Act gave Customs considerably more authority to conduct undercover investigations. From that, new procedures dealing with certification processes, undercover identification, funding of operations, etc. have been drafted to provide the necessary direction for this program.

The growth of the Service has necessitated the expansion of our overseas offices. Customs opened five new offices last year—in Milan, Italy; the Republic of Singapore; Hermosillo and Monterrey, Mexico and Dublin, Ireland. We currently have 53 people serving in overseas offices, including 18 support employees, 19 foreign service nationals (FSN's) and two program analysts.

Several Assistant Regional Commissioners for Enforcement "sat in" on temporary assignment when some of the Customs attachés took home leave.

There were opportunities for other stateside enforcement personnel to have foreign TDY assignments when other foreign office personnel were on leave or new offices were being opened.

We feel that this limited exchange of personnel helped those involved to better understand the workings of our

foreign offices and will assist them when they need foreign support in their investigations.

General Investigations

Organized Crime Strike Force—The Organized Crime Strike Forces have recently made significant inroads in the battle against traditional organized crime (La Cosa Nostra). This is particularly true along the East Coast where there have been several successful prosecutions.

While these investigations continue, the Strike Forces are examining nontraditional organized crime groups such as Asian and Jamaican organizations, with the hope that these groups can be stopped before they become as powerful as La Cosa Nostra.

National Patrimony Program—The protection of national antiquities remains an active and fruitful field for investigative action. Several investigations have yielded significant stolen artifacts, including gold Incan ceremonial masks; Aztec feathered capes; a stone sun God statue from India and amphoras from Greece.

Steroid Program—Customs continues to lead the way in steroid investigations. Strong investigative emphasis has produced significant arrests of smugglers and seizures of the drug.

In one recent investigation, $600,000 in steroids was seized and several arrests made. The SAC San Diego leads the country in steroid-related cases. Throughout the United States, investigations continue to target the U.S. distribution networks and foreign sources of supply in Mexico and Europe.

Child Pornography and Protection Unit

Since its inception in October 1985, the U.S. Customs Service Child Pornography and Protection Unit (CPPU) has acted as the national clearinghouse for the law enforcement efforts in this area. Significant developments during FY 1988 include:

- National Library of Child Pornography—The CPPU has computerized a complete index of magazines, photographs and video films which are available on loan to all law enforcement agencies for official use.
- The CPPU established a National Registry of Expert Witnesses who will testify in criminal prosecutions of child pornography cases.
- A Public Awareness Campaign was initiated by the CPPU to provide training and increase awareness of child pornography investigations. The program has generated hundreds of presentations nationwide to state and local law enforcement agencies and civic groups.

Currency Investigations

The Anti-Drug Abuse Act of 1986 granted Customs the authority to conduct complex, covert, money-laundering investigations.

During FY 1988, the Office of Enforcement handled more than 20 covert money-laundering investigations. As a result of these and other financial investigations conducted collaterally with the covert operations, the Office of Enforcement made approximately 700 currency-related arrests as well as seizures totaling roughly $118 million during the year.

Customs will continue to build upon its successes in the area of money laundering investigations and is preparing to further explore ways in which money laundering investigations can be conducted in cooperation with other nations.

Operation Exodus

Operation Exodus continued to play a major role in the Administration's effort to tighten controls on illegal exports. Exodus focuses on high technology and critical equipment—such as military equipment, semiconductor manufacturing equipment, large computer systems with military potential—that require licenses to be exported from the country.

Experience collected during the past seven years has conclusively shown the existence of an international network of front companies and conspiracies to channel such items from the United States to the Soviet Bloc nations, as well as other proscribed countries that aid terrorism such as Libya and Iran.

The Exodus enforcement umbrella also includes the illegal export of arms, munitions, implements of war and restricted weapons to prohibited destinations. During 1988 Customs was engaged in major embargo actions directed against Nicaragua, Libya, Iran, Cuba, South Africa, North Korea, Vietnam, Cambodia and Syria.

All of the enforcement efforts undertaken during 1988 required a major commitment on the part of Customs

Special Agent Merle Throop of Florida is conducting a drug surveillance from an airboat.

inspectors to examine high-risk exports and on the part of special agents assigned to foreign and domestic field offices to conduct investigations of criminal violations of the Export Administration Amendments Act of 1985 and the Arms Export Control Act.

Since its inception in October 1981, Exodus has been responsible for more than 6,900 seizures of merchandise valued in excess of $500 million. During FY 1988, special agents made more than 168 arrests resulting in 110 individual convictions for criminal violations of the export control statutes.

Many of the investigations involved extensive coordination with foreign governments due to complex diversion schemes, using one or two neutral intermediary countries to mask ultimate destination of the restricted U.S. technology.

Technology Investigations—Several investigations conducted during 1988 illustrate the scope and complexity of Exodus cases. In May 1988, as a result of a successful undercover operation, two suspects were arrested by Italian authorities and ultimately extradited to the United States.

The suspects, Brian Butcher and Clifford Chadwick, were charged with various export violations in their attempts to illegally ship sensitive computer equipment to the Soviet Bloc through a Phoenix firm, ARMEX, Inc.

Butcher had previously been indicted in 1982 for the illegal export of U.S. electronic equipment to Eastern Bloc countries. Butcher pleaded guilty and has been sentenced.

In April 1988 two U.S. citizens and one Colombian were arrested in Oklahoma City and charged with illegally exporting Gulfstream Aero Commander aircraft purchased with cash obtained from drug trafficking. The aircraft are valued in the $1.5–1.8 million range.

Another major case was concluded in May 1988 with the sentencing of Kevin Anderson to six years for his involvement in the attempted illegal export of supercomputer technology with Strategic Defense Initiative (SDI) applications to the Soviet Space Research Institute in Moscow.

The case also involved Charles McVey and two others currently awaiting trial; McVey was arrested in Canada following a major manhunt by U.S. and Canadian authorities.

The case stemmed from the theft of supercomputer technology from the Saxpy Computer firm in California. According to Defense officials, the technology could have seriously compromised the SDI program had it reached the U.S.S.R.

David Kwong, et al.—A major munitions investigation ended in April 1988, with the arrest of nine individuals in New York for attempting to illegally sell and export 50 M–16 machine guns.

These arrests resulted from a highly sophisticated undercover operation jointly conducted by the Bureau of Alcohol, Tobacco, and Firearms and the Customs Service.

As a direct outgrowth of this operation, the FBI and Hong Kong Police, working in conjunction with ATF and Customs, arrested 18 other individuals and seized approximately 120 pounds of heroin in several major cities, including Hong Kong.

The link between the investigations involved illegal munitions purchases by certain Triad groups who control the illicit flow of China white heroin into the U.S. from Asia.

Missile Materials to Egypt—On June 24 the Resident Agent in Charge, Sacramento, captured world media attention with the arrest of three persons and seizure of critical missile components and materials about to be smuggled to Egypt aboard an Egyptian military aircraft.

The investigation broke up an international conspiracy to develop a sophisticated missile system capable of "changing the nature of warfare in one of the world's most volatile regions," according to *Time* magazine.

Undercover Investigations—Undercover investigations, conducted under close controls, have been most effective in countering the diversion of sensitive technologies.

Some 15 undercover operations were in place during early 1988. A typical operation, Sandblaster, managed by the Southeast Region, has resulted in multiregional searches and arrests.

In March 1988 Peter Playfair was arrested in Miami and charged with violations of the Arms Export Control Act based on his attempt to illegally export military helicopters to Surinam.

In May, as a result of Operation Sandblaster, search warrants were served in nine cities across the Southern and Western United States in a case involving illegal exports of Video Ciphers, a Department of State, Office of Munitions Control (OMC) licensable item.

New Authority—An additional aid to

Exodus came with the Electronics Communications Privacy Act of 1986, which amended Title 18 USC 2516 to include violations of the Arms Export Control Act as warranting the application of an order to intercept wire or oral communications (Title III).

This new authority has already been successfully utilized in major investigations in the New York and Pacific Regions during 1988 leading to the apprehension of individuals who might have eluded normal investigative techniques.

Extraterritorial Investigative Group (EIG)—A major trend in export violations has multinational corporations attempting to divert sensitive technologies to the Soviet Bloc, Iran, Libya, Nicaragua and other nations through intermediary countries.

An Extraterritorial Investigative Group (EIG) has been established in our Reston, Virginia field office to provide a focus for these cases, which typically involve a number of Customs foreign and domestic field offices.

The Commissioner explains what can be expected of the new BLOC in Gulfport, Mississippi.

Through counterpart training programs and bilateral agreements, Customs is also enlisting its allies in developing Exodus-type programs. Germany, the United Kingdom and Sweden, for example, have launched their own efforts to prevent diversions.

Tactical Investigations

Operation Alliance—This coordinated, multiagency drug initiative currently has 34 Southwest Border Smuggling Groups. In the first 10 months of FY 1988, Operation Alliance seizures included 324,528 pounds of marijuana; 20,929 pounds of cocaine; and 100 pounds of heroin.

Since the inception of Zero Tolerance in December 1986, Customs has made over 1,000 arrests. After Zero Tolerance was adopted across the Southwest Border, Customs arrested 329 persons in a one-month period. Zero Tolerance can claim an almost perfect conviction rate.

Blue Lightning Operations Center (BLOC)—The success of the Miami BLOC and the cooperation experienced with state and local law enforcement agencies, led to establishment of the second and third BLOC centers in Houston and Gulfport in FY 1988.

Currently the Blue Lightning Operations Centers utilize 46 land-based radar sites and three tethered aerostat radar sites.

Marine Enforcement—In FY 1988 Customs added two new Blue Thunder interceptor boats to the Corpus Christi and Gulfport offices.

After a nationwide marine review, intelligence resources and investigative support are now assisting in the sorting and apprehension of suspect vessels.

Aviation

Fiscal year 1988 was a banner year for the Customs Office of Aviation Operations in terms of acquiring advanced technology and air interdiction assets.

Customs added "the one of a kind" P-3 airborne early warning (P-3 AEW) aircraft to its fleet and opened the first of two state-of-the-art Command, Control, Communications and Intelligence Center (C3I) facilities.

In June Customs accepted delivery of the $19.7 million P-3 AEW aircraft, which was within budget and six months ahead of schedule. The aircraft, named Blue Eagle, is the first airborne detection and sorting asset designed specifically for the interdiction of airborne drug smugglers.

Blue Eagle has a rotodome-mounted antenna fixed atop its fuselage which provides 360° surveillance coverage of the area being patrolled. It has the same basic detection capability of the Customs E-2C aircraft, but with the unique feature of roughly 12 hours endurance.

The P-3 AEW will play an integral role in the defense-in-depth strategy (adopted by the National Drug Policy Board as the federal air drug interdiction strategy). It gives Customs, for the first time, the capability to target suspect aircraft from departure in the source country to arrival in transshipment countries or the United States.

During FY 1988, the Aviation Program C3I system began to come on line with the opening of the C3I West facility at March Air Force Base, Riverside, California, in August 1988.

This state-of-the-art system manages all aviation-oriented, drug-interdiction activity west of Houston.

The center is equipped to accept intelligence information in all forms to implement the air interdiction strategy. The center's primary intelligence input comes from radar data from aerostats, FAA and other airborne and ground-based systems.

The new C3I East in Richmond Heights, Florida, and the Customs National Aviation Center (CNAC) in Oklahoma City are under construction and will become fully operational during FY 1989.

While still in temporary facilities, CNAC saw its first full year of operation in FY 1988. As field headquarters of the Aviation Program, it provides operational, administrative and logistical control over all nationally deployed Customs air resources.

The first of five aerostats to be deployed along the Southwest border became operational during FY 1988. Two others are slated for deployment next year.

Once these systems are fully operational, the "once open back door" across the U.S./Mexican border into the United States will be substantially closed to air smugglers in that area.

A radar fence covering the known air smuggling corridors into the United States will be formed once the Southwest aerostats, the proposed Gulf of Mexico aerostats and additional aerostats in the Caribbean area are operational.

To complement this increased detection capability, the Aviation Program has reallocated funds to purchase and modify eight new Citation II interceptor/tracker aircraft and has been promised the loan of four additional Black Hawk helicopters from the Department of Defense.

ENFORCEMENT SUPPORT

Communications

During fiscal year 1988, Customs implemented the initial phase of the Customs Communications program. For the first time in Customs history, our field officers can talk with each other, other federal, State and local officers, and mission command centers in a secure mode.

The secure mode means the adversary can no longer intercept our radio traffic, compromise our enforcement operations and thereby endanger our officers.

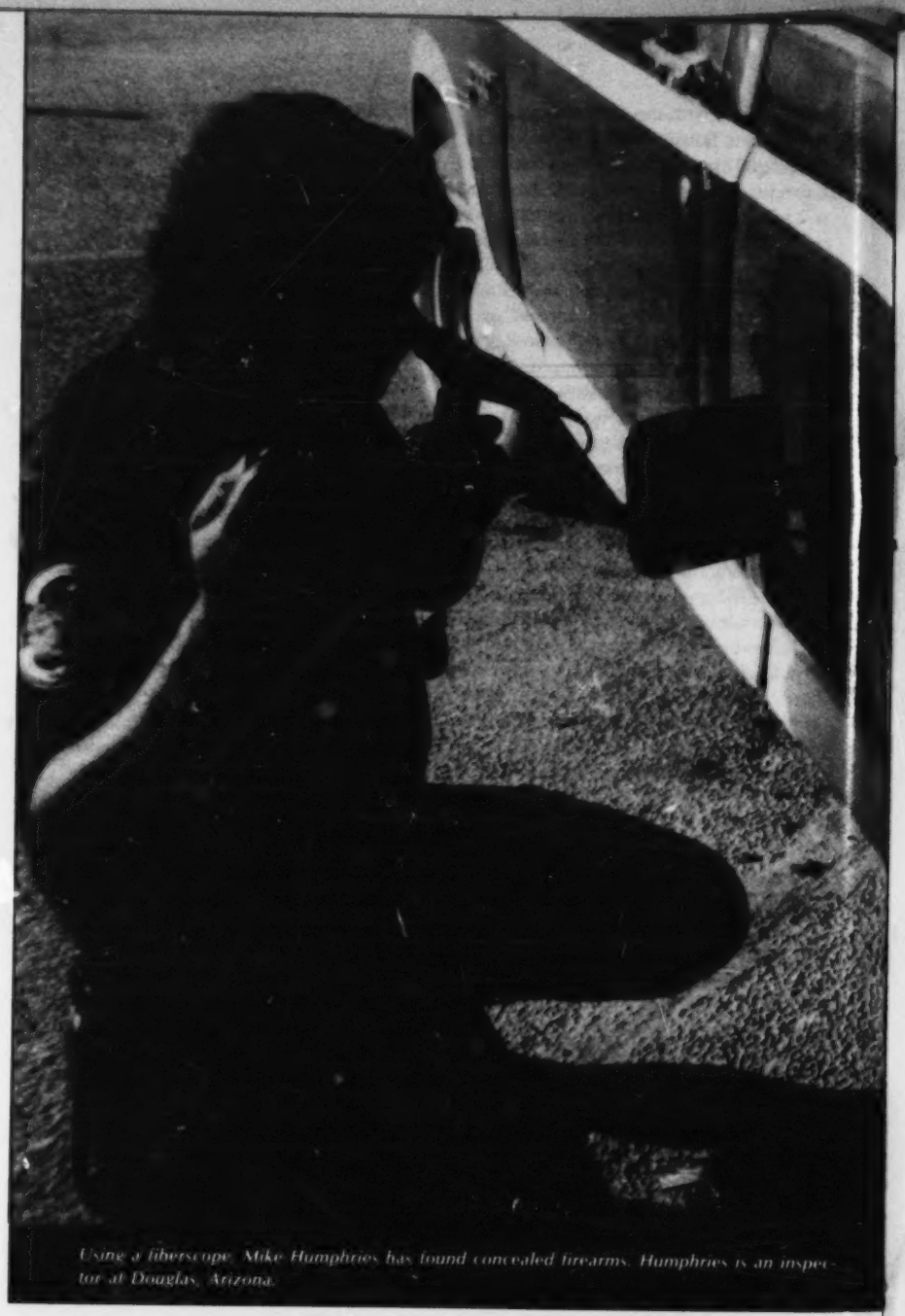
Implementation of Customs-Over-the-Horizon Enforcement Network (COTHEN) has extended communications support beyond the perimeter of the United States. It now includes vessels and aircraft operating over the horizon on intelligence, tracking and interdiction missions.

These systems have been carefully conceived to ensure that Customs officers can communicate with fellow law enforcement officers as required.

In the VHF Privacy Radio Communications System, the Communications Management Division (CMD):

- Provides complete mobile and portable radio coverage around the perimeter of the United States. Controlled by seven Regional Sector Communications Centers, which function around the clock, this network now consists of approximately 400 fixed stations which provide connectivity for more than 6,000 mobile and 3,500 portable privacy radios.

  The primary function of the privacy network is to provide Customs officers and others engaged in border enforcement with the ability to obtain law enforcement data (e.g., TECS, NCIC, and NLETS) from their sectors and to communicate with one another in a privacy mode during joint operations, convoys and surveillances.
- Supports the war on drugs with the loan of 1,000 mobile privacy radios to state and local law enforcement agencies that are performing joint missions with Customs.



Using a fiberscope, Mike Humphries has found concealed firearms. Humphries is an inspector at Douglas, Arizona.

COTHEN allows aircraft and vessels operating over the horizon to remain in contact with air offices, sectors, C3I's, Blue Lightning Operations Centers and the Southwest Surveillance Center in a manner that is not subject to interception by adversaries. This network is used primarily to transmit intelligence data, as well as vector and interception guidance.

Communications Security—This program was enhanced with the installation of equipment which permits classified information to be transmitted by telephone, data terminal or facsimile over commercial or FTS telephone lines.

Many headquarters and regional offices are being equipped with new secure facsimile machines that will facilitate the transmission of classified data within Customs.

In the area of overall communications support, the division is completing the installation of a major automatic digital network (AUTODIN) switch which will provide all headquarters and regional offices with the capability of transmitting classified messages worldwide.

Program management was enhanced by the development of the Enforcement Communications Information Network (ECIN). This national system is shared by Communications headquarters and laboratory ele-

ments, Sector Communications Centers and sector maintenance facilities.

ECIN includes data on portable and mobile radios, communications sites, antenna sites, radio frequencies, radio and COTHEN circuits and enforcement circuit costs.

Installations have been completed in five of the seven Regional Sector Communications Centers with the remaining Boston and New York sectors scheduled for completion early in fiscal year 1989.

Research & Development

The Research and Development (R&D) Division provides scientific, technical and engineering support to Customs headquarters and field elements.

During FY 1988 the division continued its involvement in the development of technology aimed at making Customs more effective in its operations.

A variety of projects undertaken during the year applied state-of-the-art technology to solving Customs problems.

Fiberscopes—R&D, in cooperation with the Office of Inspection and Control, has completed the acceptance testing and distribution to the field of 110 fiberscopes.

Fiberscopes have been found useful for examining car doors, gasoline tanks and hard-to-inspect locations in search of contraband. The instruments are high quality, portable and easily operated. A video program has been developed to assist in training inspectors in the use of the scopes.

Portable Contraband Detectors—Customs has had six portable contraband detectors in operation at various ports of entry over the past two years. These devices have proven capable of detecting density anomalies behind opaque, homogeneous surfaces.

Numerous seizures were made in FY 1988 when drugs were found within automobile tires. One of the devices assisted in a seizure of 388 pounds of cocaine in the false bed of a Chevy truck in Nogales, Arizona.

Gamma ray backscatter technology is used in the most recent version of this device. The three-pound instrument directs a very small radioactive source at a surface beneath which contraband may be hidden.

A digital count rate portrayed on a small LCD display indicates the magnitude of the density encountered. Unexplained density variations in the backscatter count may mean concealment of contraband.

C3I Program—The U.S. Customs Service is developing a sophisticated Command, Control, Communications and Intelligence (C3I) system to combat illegal air or marine smuggling along the coastlines of the United States. The Western Center at March Air Force Base, California, became operational on August 22, 1988.

The C3I program will utilize the latest technology in the areas of air and marine traffic radar displays, signal processing, artificial intelligence, information management software, communications technology, computers, digital mapping capabilities and large screen displays.

P-3 AEW—The first U.S. Customs P-3 AEW aircraft was delivered on June 12.

The modified P-3B Orion aircraft houses the APS-125 radar in a 24-foot diameter rotodome mounted above the fuselage and provides long-range surveillance capability of air and surface targets over a full 360° view.

The P-3 AEW gives the U.S. Customs Service the ability to conduct missions of drug interdiction up to 12 hours in length and 2,000 miles in range. The aircraft has proven extremely capable of detecting, tracking and intercepting airborne and waterborne craft, as well as providing direction to air and ground interceptors.

In the first 30 days after the aircraft was accepted, the aircraft and crew were responsible for seizing 1,100 pounds of cocaine, with a street value of $50 million.

Tethered Aerostats—The first aerostat system procured by U.S. Customs was in operation at High Rock, Grand Bahamas Island, Bahamas, in January 1985.

This was the lead site for the Caribbean network. Customs will complete the Caribbean network by deploying systems in the Bahamas at George Town, Great Exuma Island and Great Inagua and in Puerto Rico. The complete network is expected to be in place by December 1989.

The aerostat network along the Southwest border and the Gulf Coast of the United States is expanding from the lead site at Fort Huachuca, Arizona. The system at Fort Huachuca has been operational since July 1988, and systems currently in production will be deployed at Deming, New Mexico; Yuma, Arizona; Marfa and Eagle Pass, Texas.

Each aerostat will provide coverage for up to 150 nautical miles in radius. The

The Command, Control, Communications and Intelligence (C3I) Center that Customs erected on March Air Force Base in Riverside, California.

operational aerostats at High Rock and at Fort Huachuca have proven extremely capable of detecting airborne targets and have been responsible for the seizures of a large quantity of narcotics and numerous arrests.

Hydroacoustic Boat Detector System (HYDAD)—The HYDAD capability to detect boat traffic in remote waterways has been enhanced and six prototype HYDAD units have been delivered to R&D for distribution to marine field sites.

Thus far, successful engineering evaluations and field tests have been performed. However, field testing uncovered an inconsistency in the present hydrophone assemblies which will require development of a more compatible hydrophone.

Interim Marine Transponders (IMT)—These interrogatable devices aid law enforcement efforts by allowing BLOC personnel to direct the interdiction of suspect boats operating in the coastal waters of south Florida.

During FY 1988, R&D contracted for the installations of more than 70 enhanced performance IMT's in Customs and local law enforcement vessels.

Tactical Border Surveillance System—TABS is comprised of a radar sensor, radio frequency (RF) data link and a personal computer. A prototype of this system has been developed under contract to provide border penetration time, speed and heading information of low-flying aircraft on a real-time basis.

TABS is intended to provide spot coverage of border areas and specific canyon locations lacking existing radar protection, such as the gaps between fixed ground-based radar systems. During the first quarter of FY 1989, this prototype system is scheduled for field testing and evaluation.

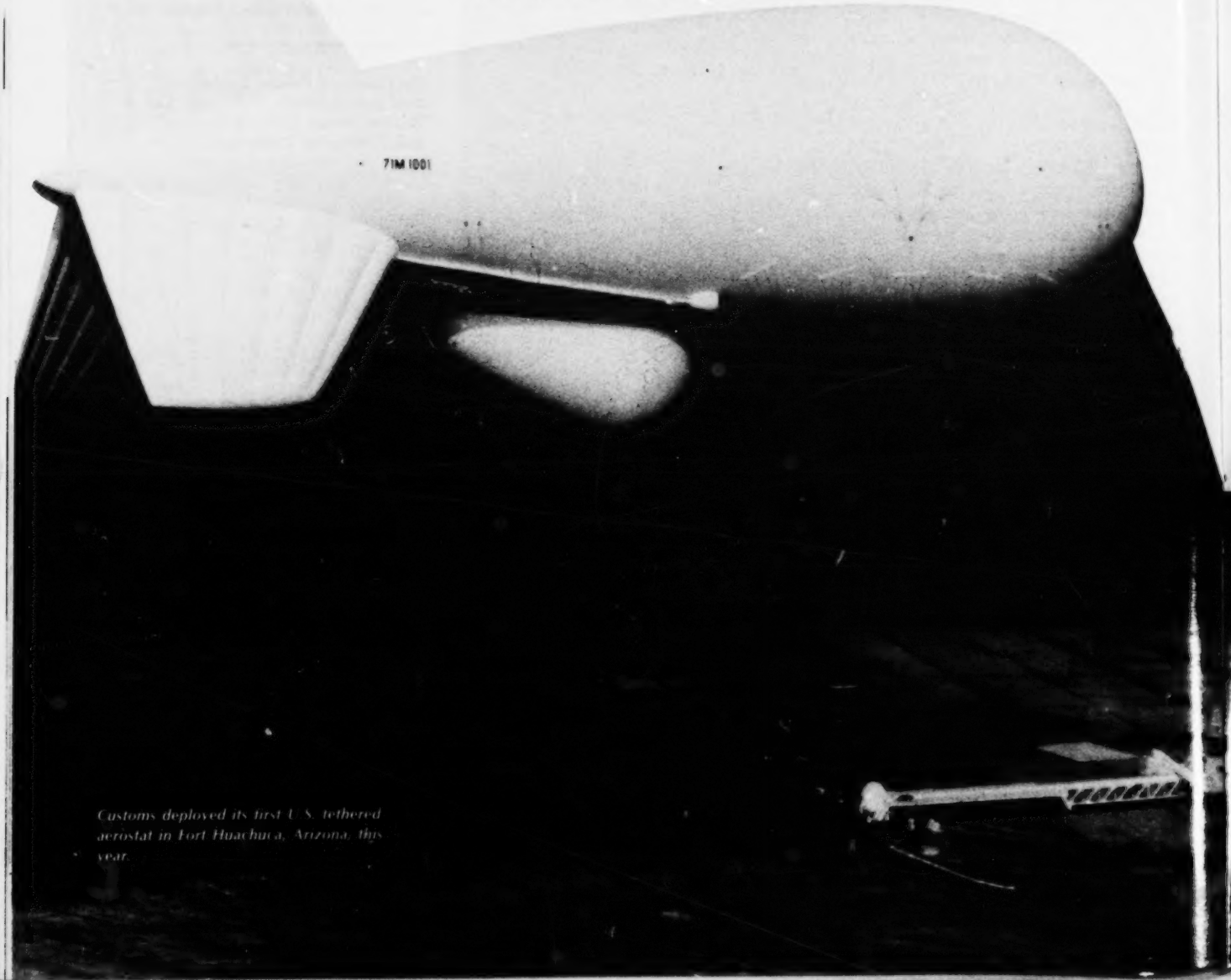
Intelligence

The U.S. Customs Service intelligence program supports all major operational, inspection and enforcement priorities.

During FY 1988, a Customs National Intelligence Board (CNIB) was established to provide key managers the ability to set intelligence priorities that best meet their operational requirements.

Emphasis has been placed on the collection and dissemination of tactical intelligence, improving the intelligence training program and consolidation of intelligence electronic data processing (EDP) systems for both unclassified and classified information.

Four Basic Intelligence Analyst (BIA) and three Designated Intelligence Officer (DIO) courses were conducted. Also, field managers (Senior Resident Agents, District Directors, etc.) were provided with train-



Customs deployed its first U.S. tethered aerostat in Fort Huachuca, Arizona, this year.

ing on responsibilities of the DIO's as well as overall purpose and capabilities of the intelligence system

Training for intelligence analysts in the use of the Automated Commercial System (ACS) has resulted in increased input of intelligence from external sources into ACS.

To improve the flow of tactical intelligence on a real-time basis, the Intelligence Operations Center (IOC) now operates on a 7×24 (around-the-clock) basis. At the heart of the IOC operation is an automated message-handling system which receives and stores all intelligence directly through an automated circuit from the Customs Communications Center.

The stored data can be retrieved by key words and is routed to the appropriate action branch in a paperless environment.

Intelligence Analysis Division—The Intelligence Analysis Division (IAD) is one of the two major divisions established during the reorganization. It is responsible for identifying smuggling activity, trends and other enforcement violations.

It also operates a Central Files for records produced prior to the implementation of TECS II and provides statistical support regarding Customs search, arrest and seizure activity.

Within IAD, the Drug Intelligence Branch (DIB) is structured into two sections that focus on international drug traffic from geographical areas and intelligence support.

During the year, the DIB improved its relationship with agencies of the Intelligence Community and other law enforcement elements in an effort to increase support to all elements of Customs Service. Distribution of the Southwest Border Drug Intelligence Brief was expanded and a Weekly Drug Intelligence Brief was initiated.

The DIB provided direct intelligence support to a variety of investigative, operational and inspection program initiatives and continued its reporting on drug smuggling from selected Latin American countries through the Latin American Operations (LA OPS) program.

Within the Commercial Intelligence Branch, the responsibility for collection and analysis of intelligence related to Office of Foreign Assets Control (OFAC) regulations has been centralized in a new Sanctions and Embargoes Section.

The section works closely with the Strategic Investigations Division and the Office of Commercial Fraud Enforcement. Numerous leads have been disseminated to Customs field offices identifying importers and exporters of commodities in violation of the sanctions and embargoes.

The CIB has continued its support to the Customs counterterrorism effort by providing intelligence alerts to field offices regarding known or suspected terrorist movements into the United States. Branch personnel maintain contact with the FBI and Intelligence Community to ensure the continued flow of terrorist-related data between agencies.

The Commercial Fraud Section detailed three analysts to the newly created Office of Commercial Fraud Enforcement to provide direct intelligence support.

These analysts are assigned to major fraud initiatives including steel, cheese, petroleum and Generalized System of Preferences (GSP). This section has undertaken an effort to exploit databases of other federal agencies which provide statistics on imports into the United States and trade among foreign nations.

The databases have been used successfully to target companies fraudulently entering commodities. They will also assist in detecting commodities transshipped to avoid quota restrictions, visa requirements, sanctions or higher rates of duty.

The Technology/Munitions Section provided support to a number of significant Exodus investigations involving the countries of Iran, Egypt, Mexico and the Philippines.

The section responded to increasing field needs by providing timely analysis of important trends and policy issues and the impact of recent trade legislation.

During FY 1988, the Financial Intelligence Branch (FIB) supported Customs enforcement priorities by identifying more than 1,100 entities suspected of involvement in laundering $1.8 billion of potentially illegal profits earned from narcotics sales, fraud and other illicit activities. FIB disseminated more than 179 reports to Customs field offices, Customs Attachés, the IRS, DEA, FBI, INS and regulatory agencies.

Feedback indicated that several field offices initiated cases based on these reports. The majority of the subjects cited in these reports were identified by the Customs Artificial Intelligence System (CAIS), programmed to emulate the logic employed by an intelligence analyst.

To take full advantage of the CAIS capabilities, FIB initiated a program to bring potential Customs field users to headquarters for training on the use of CAIS for targeting suspect financial activity in their respective regions.

The branch also sponsored a week-long financial intelligence symposium which was attended by 35 Customs analysts from around the country.

Other projects designed to increase FIB's operational efficiency included the formulation of financial-intelligence collection requirements and the refinement of statistical methods for tracking and analyzing currency flow nationwide.

Intelligence Operations Division—The Intelligence Operations Division (IOD) is responsible for collection and dissemination of intelligence through technical methods and liaison with other agencies. The division has three branches, including the Intelligence Operations Center.

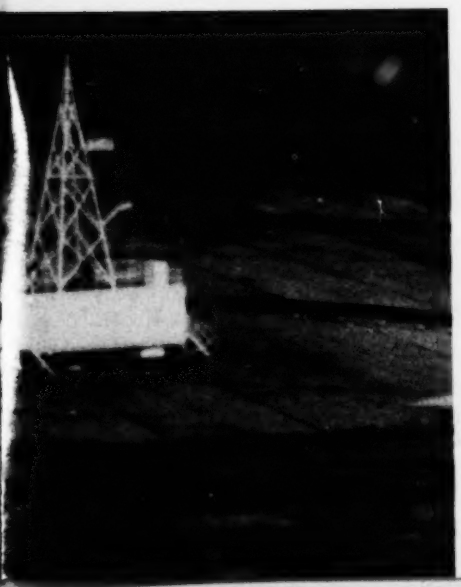
The Technical Intelligence Branch collects and disseminates intelligence through technical means in direct support of interdiction enforcement efforts.

It disseminates real-time information and also produces smuggling pattern and trend information.

The Technical Intelligence Branch (TIB) operates in close coordination with the El Paso Intelligence Center (EPIC) and elements of the U.S. Coast Guard.

During the year, intelligence disseminated by the TIB contributed to the seizure of approximately 300,000 pounds of marijuana and more than 18,000 pounds of cocaine.

The Interdiction Intelligence Branch (IIC) was formed in FY 1988 to provide on-site support to the Customs Aviation Operation Centers. The analytical personnel assigned to these centers assist in the preparation of operation plans and analyze after-action reports. They closely coordinate with other internal and external elements to provide a maximum level of intelligence regarding noncommercial air smuggling activities.



COMMERCIAL OPERATIONS

Uniformity

Commissioner von Raab has given top priority to uniformity, especially in classification, as one of the most critical issues facing the Customs Service today.

From the perspective of the trade community, lack of uniformity results in the inequitable treatment of importers; variances in trade program requirements and inconsistencies in classification and rates of duty.

From the Customs side, lack of uniformity results in problems such as duplicate issuances of classification information by import specialists and variances in entry summary reviews.

To standardize classification, the Office of Commercial Operations is developing programs to ensure nationwide uniformity and improve quality in all areas at the same time.

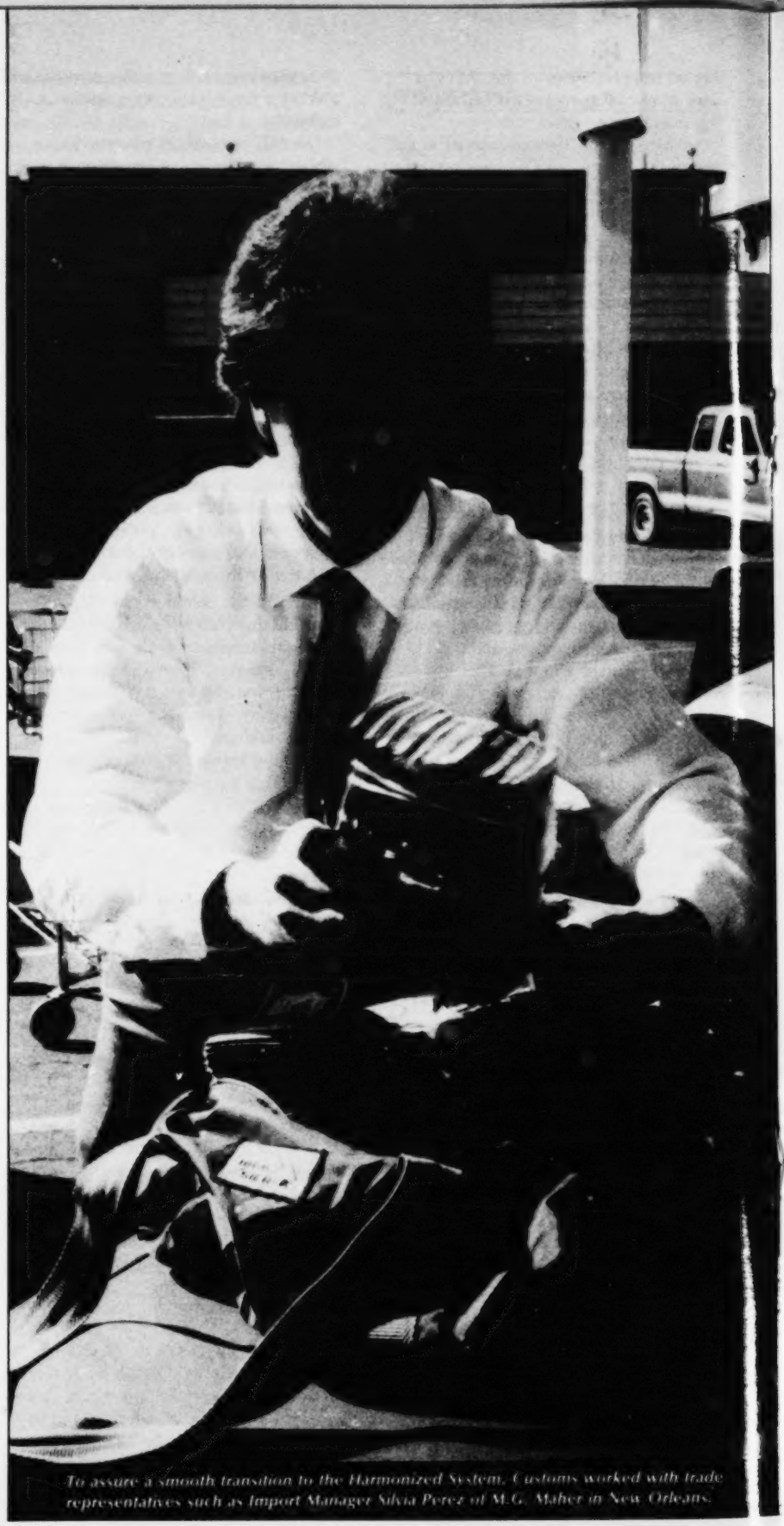
One major task involves improving the quality of invoices—basic to attaining uniformity in classification.

Entry Simplification

The Office of Trade Operations has achieved nationwide uniformity in the processing of entries and the structure of entry control units.

The structures and procedures of entry units had been as diverse as the Customs ports of entry. To rectify this, a special task force analyzed procedures throughout Customs and designed and accomplished the following:

- Standardization of entry processing procedures, including releases (CF 3461), entry summaries, liquidations, in-bond and protest;
- Establishment of a career ladder in Entry Control of GS-3 through GM-14;
- Incorporation of formal Entry Control training in the regular Glynco curriculum.



To assure a smooth transition to the Harmonized System, Customs worked with trade representatives such as Import Manager Silvia Perez of M.G. Maher in New Orleans.

Automated CIE

Efforts to achieve classification uniformity depend on a more efficient system for reporting, resolving and disseminating classification issues and decisions.

The existing Customs Information Exchange (CIE) targets uniformity but is encumbered by manual processing procedures.

Automating the CIE will contribute to uniformity by providing the means for field import specialists to electronically supply classification, value, admissibility and statistical information to the National Import Specialists; by providing more timely responses from the National Import Specialists to contemplated actions of the field Import Specialists; by tracking differences in classification and value; by providing on-line research and query capabilities; by eliminating duplicate processing of reports from several ports; and by providing automated communication and historical records of importations.

ACS

The Automated Commercial System (ACS), Customs' single, comprehensive system for commercial processing, is beginning its fifth year of operation.

In 1988 the number of Customs and trade community users grew substantially. There are now nearly 3,000 on-line Customs terminals in place, and 800 trade community remote batch terminals communicating with the Customs Data Center.

At the same time, significant new capabilities were implemented, bringing ACS ever closer to the needs of its users.

ACS has three keystone modules: the Automated Broker Interface (ABI), which provides for the exchange of electronic entry data with brokers and importers; the Automated Manifest System (AMS), which allows the exchange of electronic manifest data with sea carriers; and Selectivity, which automatically identifies high-risk shipments for intensive examination.

During the past year, the percentage of entry summaries handled by ABI has increased from 33 to over 60 percent. The number of operational brokers and importers has increased from 140 to 550. The percentage of Customs' bills of lading handled via AMS has increased from less than 20 percent to nearly 50 percent.

Cargo Selectivity processing has expanded from 70 to 130 ports. Line Release, a specialized cargo selectivity system for Northern and Southern Border locations, has expanded to 35 locations and is now speeding release for nearly one million shipments annually.

To go along with this expansion, Customs is placing great emphasis on the ACS training program and field support teams for the trade community.

ACS field teams have been established in 17 cities for the purpose of marketing and supporting importers, brokers, carriers, port authorities, service centers and other trade community users.

Significant new system features added during 1988 include: the capability for entry filers to pay estimated duties and taxes via electronic funds transfer (EFT) through an automated clearinghouse (ACH), an automated Harmonized System tariff file and operational pilot programs for electronic (paperless) entry and entry summary.

National Summary Selectivity—The National Entry Summary Selectivity Program provides a standardized criteria database against which entry summaries are processed.

For ABI consumption entry summaries, this automated process will result in one of two determinations: team review, meaning that the entry summary warrants the attention of an import specialist; or bypass, meaning that the entry summary will be liquidated immediately through ACS.

Testing of National Summary Selectivity first occurred in the summer of 1987. Since then, Customs has enhanced the system to allow for electronic, paperless entry summary processing. Eleven sites had the program as of April 1988.

Fines, Penalties & Forfeitures—During FY 1988, there were important changes in the Fines, Penalties and Forfeitures (FP&F) program nationwide.

The automated FP&F module in ACS was implemented servicewide. This system allows direct input of data into ACS to generate penalties or claims for liquidated damages and provides a means of tracking the progress of cases in the system.

In March Customs adopted the "user-driven" concept, which mandates that the Customs officer discovering a violation enter the case into the automated FP&F system. This has significantly reduced delays in the issuance of penalties and claims.

A major initiative was Project 6000, designed to secure payment for overdue liquidated damage claims from surety companies.

This project has resulted in payments in excess of $5 million from the surety companies concerned.

Quota Program—From January to July 1988, ABI brokers' participation in Quota increased greatly. At the end of July, 56 percent of the 124,157 quota lines processed were ABI transactions.

To continue to speed ABI processing, Customs enhanced the Quota system to enable field offices to process an ABI quota line through cargo selectivity with minimal keying.

Trade Statistics—After months of coordination with the Bureau of the Census, Customs began pilot tests in September 1988 for the Data Reduction Center (DRC) in the districts of Seattle and Savannah.

For the purposes of DRC, Census will act in a role similar to an ABI Service Bureau and input the header and line item data of the non-ABI entry summaries.

The input of these entries will, for the first time, allow for complete system edits and validations to be run against them, including national summary selectivity.

This in turn will raise the quality of non-ABI entries to the same high degree of accuracy that ABI entries are currently held to; ensure that the import data we provide to Census is more timely; create a more complete database for use in analysis, research and enforcement activities; and afford us the opportunity to incorporate non-ABI entry summaries into many of our new programs.

Antidumping/Countervailing Duty—Customs shares responsibility for operation of Antidumping and Countervailing Duty (AD/CVD) programs with the Department of Commerce. Commerce determines the validity of the complaints, while Customs enforces Commerce's findings.

To ensure enforcement of AD/CVD proceedings, the Customs Service has developed an ACS module that identifies the AD/CVD entry summaries, verifies duties deposited and suspends liquidation.

Commercial Enforcement

To prevent fatalities caused by flammable children's sleepwear, Customs coordinated Operation Dreamland with the Consumer Product Safety Commission (CPSC). This resulted in seizures of over $600,000 worth of unsafe and highly flammable children's sleepwear in Los Angeles and San Francisco.

Cooperation between Customs and the CPSC extended to several other areas of consumer safety. For example, Operation Toyland brought seizures of 500,000 unsafe toys valued at $2–3 million in Newark, Los Angeles and San Francisco.

Regulatory Auditors Martin Liggett (left) and Dan Marchuk of Chicago pore over figures on this audit report.

Operation Thunder was a joint effort to remove dangerous fireworks from public consumption. More than 32 million units valued at roughly $4.5 million were seized by Customs nationwide.

Broker Compliance—As Customs moves toward a paperless environment, there is a greater reliance on broker accuracy and, as a result, need for a higher confidence level in broker performance.

So Customs has established a Broker Compliance and Evaluation Branch in the Office of Trade Operations.

For the first time there is an operational unit at Customs headquarters responsible for nationwide coordination of all Customs activities relating to brokers.

The main goal of the branch is the uniform application of the laws and regulations pertaining to Customs brokers, which will result in a highly competent and professional broker community.

The most significant accomplishments to date have been the establishment of a nationwide broker evaluation program and its enforcement of a statutory requirement which became effective in October 1987 requiring the responsible supervision and control by a resident licensed individual in each district in which a broker has been issued a permit to operate.

Acting on that statute, Customs has canceled or revoked 52 permits in districts where brokers were not exercising adequate supervision and control.

Scientific Services

The Office of Laboratories and Scientific Services continued to give top priority to supporting enforcement operations, including commercial fraud and the canine drug detection program.

During FY 1988 Customs developed the capability to examine dockside most commodities traditionally analyzed in the laboratory. Three additional mobile laboratory vans were placed into operation during 1988, to supplement the three already in use.

Customs converted a seized tractor-trailer into a near full-service laboratory on wheels. The 18-wheeler will be moved about as needed to support special enforcement operations.

Textile Field Screening Kits were issued to field officers during FY 1988. Interest in the kits reached the international level when, in May of 1988, the Customs representative to the Organization of American States demonstrated the kit to officials of the Government of Ecuador.

The kit garnered positive publicity for Customs textile enforcement efforts as well: *Womens Wear Daily* referred to it as Customs' "new secret weapon in their war on illegal textile imports."

Regulatory Audit

During the first three quarters of FY 1988, Regulatory Audit completed 277 audits identifying over $32.3 million in lost duties, representing an average dollar recovery of over $500,000 per auditor per year.

In response to a field request, auditors from the Southeast Region determined that more than $6.1 million in drawback claims for cigarettes were false.

The claim had been paid under accelerated payment at a higher rate of duty than was paid on the designated merchandise, and imported and exported items did not meet fungibility requirements.

As Customs moves closer to a paperless environment, we will require highly automated audit capabilities and a computer-literate workforce.

In August 1988 Regulatory Audit instituted a five-month course designed to provide the auditor with comprehensive auditing procedures utilizing computer skills.

Day One/McKinsey Initiatives

Another initiative in Customs' modernization efforts, Day One, focuses on reexamining our current processing practices to better fit our internal workings to the automated environment.

Our vision of the 21st century is that the trading systems of the future will be paperless, predictable and fully integrated with importers, brokers, exporters, banks, shipping companies, freight forwarders and port authorities.

Besides developing its own innovative ideas, the Day One Task Force is charged with implementing the recommendations contained in the McKinsey Report, which provides the Customs blueprint for the trade system of tomorrow.

Of the 22 opportunities presented in the McKinsey Report, Customs is actively pursuing 17, some of which are described below.

EDIFACT—Customs will influence the development and encourage the adoption of EDIFACT. EDIFACT (Electronic Data Interchange for Administration, Commerce and Transport) is the newly developed, international standard syntax for Electronic Data Interchange (EDI).

Simply, EDI is the direct exchange of structured data between two or more separate data processing systems by the use of universally accepted standard data elements, codes, syntax rules and messages.

In February 1988, at the Customs Cooperation Council's EDI Symposium in Brussels, the Commissioner announced that U.S. Customs would support EDIFACT.

To that end, we have drafted an International Customs Message in the EDIFACT syntax, which incorporates data elements of the entry form (CF 3461), the entry

summary form (CF 7501) and statutory and regulatory invoice requirements into a single electronic message. A data processing pilot with three companies is scheduled to begin in October 1988.

Paperless Release—A goal of eliminating 20 percent of entry documents (3461's) in calendar year 1988 has been established.

Entries electronically processed through Selectivity that indicate low risk are identified for paperless processing.

This procedure eliminates the requirement for ABI brokers and importers to present a paper 3461 in addition to electronically transmitting the same information, and it eliminates redundant capture and processing of information by Customs. Our national paperless release program began August 15, 1988.

Paperless Entry Summary—A goal of eliminating 40 percent of CF 7501's by the end of calendar year 1988 has been established.

It relies on the expanded use of the line release/electronic entry summary processing concept; new entry summary selectivity programming targeted for implementation in September; and the conversion of all bypassed summaries to paperless 7501 status starting in October.

To meet statutory requirements, Customs will continue to collect a paper invoice. At the request of the Commissioner, the Chief Counsel has prepared a legislative package that would eliminate statutory requirements for submission of invoices and provide the Commissioner with discretionary authority to request invoices.

Other Agencies' Requirements—Customs has negotiated with the Food and Drug Administration (FDA) to electronically phase out Customs' collection of their form 701.

In addition, representatives of the Federal Communications Commission, Department of Transportation, and Fish and Wildlife Service are working to either reroute or eliminate documents that Customs normally handles for them.

Together these four agencies account for a Customs' paper-handling burden involving between 1.6 and 2.3 million forms annually.

The Harmonized System

The International Nomenclature Staff has prepared Customs for implementation of the Harmonized System (HS), while also providing HS assistance to the trade community.

To uncover textile fraud in Los Angeles, (l-r) CI's Karen Johnson and Josefina Laverty and Import Specialists Celia Ridel and Sandra Androvich compare cotton towels from Pakistan with invoices.

On August 23, 1988, the President signed into law the Omnibus Trade and Competitiveness Act of 1988. It includes enabling legislation for implementation of the HS on January 1, 1989.

Because of the time lapse since last year's comprehensive training program, a Harmonized System refresher course, primarily for import specialists, has been prepared.

The staff has coordinated the revision of all Customs regulations, forms and publications to accommodate the HS. More than 3,000 copies of the *HS Handbook* have already been disseminated.

Commercial Rulings

Textile Guidelines—Customs has prepared a revision of the *Textile Category Guidelines* to correlate with the Harmonized Tariff Schedules of the United States Annotated (HTSUSA).

Changes were necessary because the HTSUSA is based on an international tariff nomenclature which incorporates new terminology relating to fibers, yarns, fabrics and apparel.

Intellectual Property—As part of the general effort to enhance the competitiveness of American industry, Customs has recorded about 8,000 trademarks and copyrights. Customs seizes between $25 and $30 million worth of infringing articles annually.

Gray Market Trademarks—A long-term controversy between owners of U.S. trademarks and "unauthorized" importers of genuine goods came to a head when the Supreme Court agreed to review the relevant Customs regulations.

Customs attorneys worked closely with the Office of the Chief Counsel in providing assistance to the Justice Department.

In its opinion in the COPIAT case (*Coalition to Preserve the Integrity of American Trademarks v. U.S.*), the Supreme Court agreed with the government that owners of U.S. trademarks are not entitled to protection against the importation of genuine goods when those owners are under common ownership or control with the foreign owners of the trademark.

However, the Court invalidated that section of the Customs Regulations which denies protection when a U.S. owner has licensed foreign use of the mark, as long as the firms are independent.

Restricted Merchandise—On June 6, 1988, the U.S. Court of Appeals for the Sixth Circuit reversed an order of the District Court which enjoined Customs from seizing Balisong knives (also known as butterfly or gravity knives), *Stewart A. Taylor, d/b/a Cutlery Mfg. Co. v. U.S.A., et al.*

The issue was whether the Balisong knives seized by Customs from Taylor

have a blade "which opens automatically . . . by operation of inertia, gravity or both," so as to fall within the legal definition of prohibited switchblade knives.

Customs has also assisted the Foreign Assets Control Division of the Treasury Department in enforcing the Comprehensive Anti-Apartheid Act (CAAA) and the prohibition against the importation of the South African krugerrand, and also the U.S. Fish and Wildlife Service in prohibiting the importation of endangered species of wildlife and products made from parts of endangered species (e.g., ivory).

Penalties—In a policy change, we revised 1595a(c) guidelines involving restricted or prohibited merchandise imported contrary to law.

Under the law authorizing Customs to share seized assets, Customs gave the Denver Police $15,480 for their help in dismantling a sizable heroin and cocaine ring. Deputy Assistant Regional Commissioner (Enforcement) Dominic Napolski (left) presented the check to Denver Police Chief Aristedes Zavaris.

The overage criterion in connection with seizures under 1595a(c) for textile and steel overage violations has been increased from 5 to 10 percent, unless there are repetitive violations or there is evidence of intent.

The Commissioner approved the acceptance of Letters of Undertaking, issued by Protection and Indemnity Clubs, organizations which provide insurance to ocean carriers. They may be used to secure penalties incurred for failure to manifest controlled substances and to obtain release of seized conveyances.

To date, two of these letters, in the amounts of $280,000 and $283,800, have been accepted to secure release of vessels carrying unmanifested narcotics.

Broker Penalty Program—The assessment of penalties against more than 20 brokers, in amounts ranging from $1,000 to $30,000 (the maximum allowable under the statute—19 U.S.C. 1641) were authorized.

In major penalty and liquidated damages cases, Customs issued decision letters in 17 cases in which $8,446,000 in penalties had been assessed against Air Jamaica for failure to manifest a total of about 1,500 pounds of marijuana imported into the United States at Miami and John F. Kennedy International Airports.

The first of the violations occurred on August 8, 1986 and the most recent on March 13, 1988. Negligence or gross negligence was found in 15 of the cases and $7,380,000 in penalties were mitigated to $1,131,400. The remaining penalties, because of the particular facts and circumstances, were remitted.

In the M/V *Scapwind* case, a penalty of $2,288,000 was assessed because two large sacks containing 143 pounds of unmanifested cocaine were found in the shaft alley. The contraband had been loaded on board the vessel from a launch.

The vessel was seized to secure the penalty and was released after a Letter of Undertaking was posted. Because security measures were deemed inadequate, negligence was found and the penalty was mitigated to $228,800.

Liquidated damages of $14,761,957, and penalties totaling $30,000 were assessed against Federal Express Corporation for various violations of the Customs laws and regulations arising, for the most part, out of the operation of the company's overnight express delivery service through its Memphis terminal.

Initial and supplemental petitions were filed and acted upon in the approximately 1,300 cases. A final mitigated amount of $1,036,000 was paid by Federal Express in June 1988.

From Bellomy-Lawson Aviation, Customs seized an aircraft valued at $158,500, under 22 U.S.C. 401, because it was being transshipped from Panama to Nicaragua in violation of the Nicaraguan embargo.

Based on the finding that the owners of the aircraft had knowledge of the illegal exportation and participated in it, the petition for relief was denied and the aircraft was forfeited to the United States.

In currency cases, Antonio Companys' use of foreign nationals and various offshore shell corporations to launder money derived from illicit activity resulted in a $2 million liability.

In addition to cash and other monetary instruments, Companys' choice real estate in Manhattan, computer business and associated inventory were subjected to attachment and forfeiture.

Oscar Ortiz and his confederate, Antonio Franco, laundered $5.6 million through Ortiz's money exchange.

This major case was one of the first—if not the first—brought against a money exchange doing extensive business with drug smugglers. Prosecution ensued; Franco is currently incarcerated and Ortiz is a fugitive.

Disclosure and Regulations

The United States District Court for the District of Columbia entered judgment in favor of Customs in a suit brought by the *Journal of Commerce* seeking access to import cargo manifests filed upon entry of vehicles and vessels into the United States along the Mexican and Canadian borders.

With user fee airports, Customs established a third option to "international" and "landing rights" airports for international arrivals. Nine user fee airports were created, permitting Customs to provide services, on payment of applicable fees, in areas where business is insufficient to justify a Customs appropriation.

Legislation—Customs played a major role in the development of legislation making the Jones Act and the coastwise towing law applicable to the transportation of sewage sludge from U.S. ports to points in the 200 mile U.S. exclusive economic zone.

This legislation also eases the restrictions of the Jones Act on the transportation and launching of large drilling platforms on the U.S. outer continental shelf. It was passed by both houses of Congress and signed into law on June 7, 1988.

INTERNATIONAL AFFAIRS

Aruban Prime Minister Henny Eman greets Commissioner von Raab as he arrives in Aruba for the 11th Caribbean Law Enforcement Conference in late September.

Customs Cooperation Council

The world moved a giant step toward modernization of trade this year as 44 contracting parties adopted the same tariff classification and commodity coding system—the Harmonized System.

This project of the Customs Cooperation Council (CCC), in which the U.S. Customs Service played a leading role, became effective internationally on January 1, 1988. The United States will implement the Harmonized System on January 1, 1989.

At the June 1988 CCC sessions, Commissioner von Raab presented the U.S. Zero Tolerance program.

He asked that it be put on the agenda of the Enforcement Committee so that a recommendation could be developed that would urge national enforcement agencies (a) to focus attention on the smugglers of small quantities of illicit drugs as well as high-volume smugglers; (b) to exercise to the fullest their powers to interdict illicit drugs; and (c) to implement tough measures when even small quantities of illicit drugs are found.

The CCC moved further to expand electronic data interchange (EDI) by initiating a project with ship carriers to standardize the EDI messages between customs administrations and sea carriers. The June Council sessions also adopted a recommendation promoting the use of EDIFACT for EDI messages.

New Zealand Conference

Heads of customs services and police organizations met in New Zealand in May for a Regional Conference on Narcotics Interdiction. Participants discussed the current situation in narcotics interdiction and formulated ways to facilitate the exchange of drug enforcement information and other forms of cooperation.

Conferees paid special attention to the narcotics interdiction problems of the Asia-Pacific region.

The conference was jointly hosted by the United States and New Zealand Customs Services with funding provided by

the U.S. Department of State, Bureau of International Narcotics Matters.

Initiatives with Other Countries

The negotiation of Mutual Customs Assistance Agreements continues to be an important objective for the Office of International Affairs.

As of October 1987, agreements existed between the United States and the following countries: France, Germany, Austria, Mexico, Canada, Korea and Cyprus. In 1988 additional agreements were reached with Sweden and Finland.

Mexico—Since 1976, when U.S. and Mexico Customs signed a Mutual Assistance Agreement, the two services have held regular meetings to coordinate improvements in facilities and operations along their mutual frontier.

Working relationships have improved, not only among Customs Service officials, but also with the trade community and the traveling public—this in spite of the burgeoning traffic and commerce across the border.

Among the projects being coordinated between the services, are renovation of ports to permit smoother traffic flow and increased hours of service to accommodate trade and tourism.

Other efforts underway include local joint training programs and efforts to facilitate trade through the use of common entry documents.

Of primary importance at this time, however, are the plans to speed the entry of goods assembled at twin plants from Mexico to the United States, reported on page NNNN.

Canada—With Canada, we continued work on the free trade agreement including: rules of orgin, exporter's certification, requests for assistance and handling of noncommercial shipments.

The first common border facility was dedicated at Danville, Washington/Carson, British Columbia on June 2, 1988.

The annual meeting between the Commissioner of U.S. Customs and the Deputy Minister of Canada Customs produced several new programs, including the use of electronic data interchange between the customs services to eliminate the need for documentation of cargo in-bond between the two countries.

Korea—The Office of Customs Administration of the Republic of Korea and U.S. Customs met in executive conference in Seoul, Korea in March 1988.

The two services agreed to cooperate in areas of mutual concern, including points at issue arising from the implementation of the Harmonized Coding System, technical training, notification of cases involving fraudulent commercial transactions and the interdiction of strategic technology moving to proscribed locations.

U.S. Customs assisted Korean Customs in the development of security and passenger processing systems employed during the 24th Summer Olympic Games in Seoul. In preparation for the Olympics, U.S. Customs advisors trained the 1,000 Korean Customs officers who staffed the airports in Seoul and Pusan.

Customs officers who conduct narcotics enforcement training check out local sights, such as the Otavolan Indian textile market near Ibarra, Ecuador.

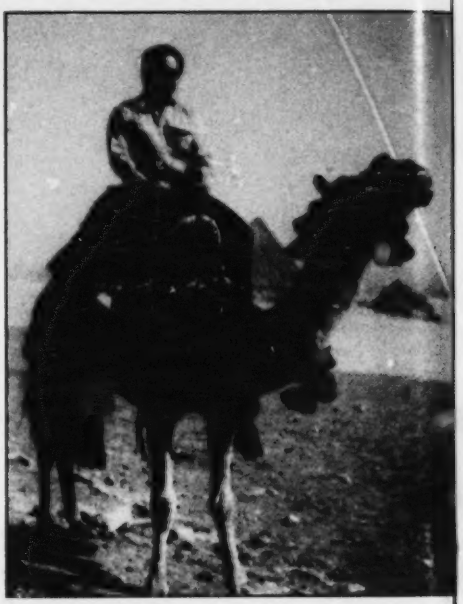
Technical Assistance

Egypt—At the request of the U.S. Agency for International Development (AID) Mission to Egypt, U.S. Customs surveyed Egyptian Customs' operations to develop a program to modernize operations in the revenue collection area.

Honduras—U.S. Customs sent three specialists to Honduras in cooperation with AID to assist the government in designing improved entry, warehouse, foreign trade zone and merchandise classification and evaluation programs.

Many of the recommendations were accepted and the government of Honduras is in the process of implementing new operations.

Indonesia—U.S. Customs, in cooperation with AID, has successfully completed a two-year advisory project in Indonesia. The project was designed to train Indonesian customs officers to become drawback auditors.



In Egypt to give a narcotics enforcement seminar, Inspector Patrick Reed of Detroit tried this ancient method of transportation.

Liberia—This AID-funded project, designed to enhance the revenue collecting capability of the Liberian Customs Service, was successfully closed out in August.

Activities covering a wide range of airport, seaport, land border and administrative initiatives began in mid-1983. At its high point, the project was staffed by a five-person U.S. Customs team.

OAS—U.S. Customs' advisor to the Organization of American States (OAS) continued work in support of regional initiatives such as training, seminars on the Kyoto Convention (Simplification and Harmonization of Customs Procedures) and advisory projects on automation.

Of special note was our participation in the initial train-the-trainer course given at the new Regional Customs Anti-Narcotic Training Center in Brasilia, Brazil.

Narcotics Control Training

Under the auspices of the State Department, Customs has since 1973 provided international enforcement training related to the interdiction of narcotics and dangerous drugs worldwide.

In FY 1988, U.S. Customs conducted three regional narcotics enforcement training seminars in Peru, Guatemala and India.

Basic and advanced courses were given to Oman, Egypt, the Dominican Republic, Morocco, Iceland, Argentina, the Philippines, Spain, Ecuador, Hungary, Portugal, Cyprus, Jamaica and the Bahamas.

Customs also presented special courses of instruction on analyzing air waybills for Thai Customs, a methodology symposium for Chinese Customs and instructional support for narcotics control courses in Malaysia and Indonesia.

A major program offering was the International Narcotics Control Seminar for customs mid-managers, given to participants from Belize, Costa Rica, the Dominican Republic, Guatemala, Haiti, Honduras, Jamaica and Trinidad & Tobago.

Also, the International Contraband Enforcement Team (CET) training course was conducted in three phases for officers from the Customs Collectorate at Lahore, Pakistan.

The first phase involved an on-site observation of U.S. Customs operations in New York and Newark for supervisory Pakistani officers, followed by formal training and hands-on exercises under the guidance of experienced U.S. Customs officers.

A third phase involved the short-term detail of a U.S. Customs advisor to help institutionalize the CET operational concepts.

Newly developed courses in narco-terrorism and export control were conducted on a pilot basis this year. The course on narco-terrorism was provided for Bolivia and Peru and the export control course for the Netherlands and Portugal.

Anti-Terrorism Assistance

Under the auspices of the Department of State's Office of Counter-Terrorism, U.S. Customs provides training to law enforcement authorities of cooperating governments.

In the first phase of the program, senior officials from participating countries come to the United States for consultation and observation with U.S. Customs and other participating federal agencies.

During the second phase, foreign law enforcement officials come to the United States for training in areas such as crisis management, hostage negotiations, transportation security, customs and immigration controls and contingency planning.

Carrier Initiative

The United States government considers prevention and detection of illicit drug smuggling a top priority. Consequently, the U.S. Customs Service has been given broad authority to impose severe penalties on anyone involved in the importation of narcotics and to seize conveyances.

As part of the Anti-Drug Abuse Act of 1986, penalties for the possession and importation of narcotic drugs were increased to 2,000 percent or a factor of 20 times the previous penalty.

In addition, any vessels or other conveyances used to bring in illegal drugs are subject to seizure. As a result of the increased penalties, Customs has imposed fines in excess of $1 million against certain carriers.

The legislative intent is not to penalize carriers, but to ensure that owners exercise their responsibility to deter smuggling.

In order to encourage this, Customs has introduced the Carrier Initiative Agreement. In cases where drugs are found, proof that the agreement was followed diligently will be a factor which allows Customs to mitigate penalties. Customs encourages carriers to participate, assisting us in our attempt to stop the flow of illegal drugs.

The Carrier Agreement is designed to strengthen air or vessel companies' ability to deter use of their carriers by those engaged in narcotics trafficking.

Customs has now entered into over 130 such agreements both nationally and locally.

Saudi Arabian Programs

Under the sponsorship of the U.S./Saudi Arabian Joint Commission on Economic Cooperation, U.S. Customs provides technical assistance to the Saudi Arabian Department of Customs in the areas of computerization, intelligence and canine operations, law enforcement procedures and technology.

The ambitious Saudi Customs modernization program is currently in its 10th year of operation. From the outset, its scope has not been limited to the mere acquisition of modern technology. Rather the primary focus has been on the transfer to Saudi Arabian customs officers of the expertise necessary to operate the new systems and equipment.

Much of the U.S.-based training for Saudi Arabian Customs has been provided since 1981 at Arkansas State University in Jonesboro.

To date, more than 400 officers have completed nine months of operational training, another 200 have gone through two years of computer training and some 42 have earned master or bachelor degrees.

Over the past year, further progress has been made in all areas of modernization. Automated import and cargo processing systems have been installed at all three major airports. Several additional systems, including import statistics, vehicle tracking and a legal system have been developed or enhanced.

The Saudi Customs Canine Training Center, established last year, has successfully trained 24 canine teams and has provided on-the-job training for several Saudi instructor candidates as well.

Recruitment of Malaysians, who until this year have been the primary source of dog handler candidates, has been terminated. They are being replaced by increasing numbers of Saudi nationals who are now attracted to this successful program. Currently 94 teams are employed at 10 ports within the Kingdom, and expansion continues.

In the inspection technology area, additional x-ray equipment has been added. Three advanced systems, which detect both high- and low-density contraband, have been delivered and installed.

Six mobile x-ray units, virtually identical to those purchased this year by U.S. Customs, have been ordered. This new equipment will provide Saudi Arabian Customs with additional flexibility for response to narcotics and munitions smuggling threats.

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INTERNAL AFFAIRS

Internal Affairs agents seized this house in Bonita, California, in connection with the arrest and conviction of a corrupt Customs special agent.

Integrity Management

During FY 1988, Office of Internal Affairs (IA) investigations resulted in the arrest of 21 employees and 78 other individuals.

IA scored an anticorruption victory with the recently concluded Operation Cleansweep, which led to 16 employee arrests and charges filed against 58 other subjects.

Among those arrested by IA agents was San Ysidro Inspector Jose Barron, who was observed allowing marijuana-laden pickup trucks to enter the United States through his primary inspection lane.

The vehicles were followed by agents to the Chula Vista area where six subjects were taken into custody. Following Barron's arrest, 11 vehicles, real property, stock accounts and cash totaling more than $1.2 million dollars were seized.

On September 19, Barron was sentenced to serve a minimum of 17 years in prison and was fined $1,750,000.

Internal Audit

The Internal Audit program provides Customs' management with independent, objective evaluations that can be used to improve Customs operations.

During FY 1988, 60 audit reports were issued reflecting over $1.1 million in potential monetary benefits to Customs. Of particular significance, IA completed four servicewide audits in areas such as the air enforcement program and collections. IA also performed three pre-award contract audits to support the Contract and Procurement Division.

The national audit of the air enforcement program identified improvements that were needed in electronics and physical security, flying safety, aircraft standardization, control over electronic tracking devices and oversight of the aircraft maintenance contract.

During the design and implementation of the TECS II system, Audit personnel monitored its development to ensure proper implementation of audit trails and enforcement capabilities.

Security Management

The Office of Security Management, which was established during FY 1988, was responsible for significant improvements in security policy, operations, training and oversight servicewide.

OSM special agents conducted criminal and administrative investigations into breaches of security in Customs-owned and -leased facilities, assaults committed on employees and other highly sensitive areas.

OSM agents planned and staffed several major protective details for Customs executives.

Vulnerability assessments of Customs facilities were conducted regularly to detect physical security weaknesses, as were Technical Surveillance Countermeasure surveys of Customs facilities.

During fiscal year 1988, the Personnel Security Division processed about 5,200 background investigations and issued more than 1,500 security clearances.

Management Assessment

The Office of Management Assessment began operations during FY 1988 as a highly skilled response unit designed to provide the Commissioner and Deputy Commissioner with rapid, objective and independent assessments on issues of an immediate importance.

The assessments are conducted by specialists representing the major Customs disciplines. During the year, the office responded to executive management needs by conducting assessments in areas including: ACS security; fraud; fines, penalties and forfeitures; and management of Customs' collections and deposits.

The Danvers (Massachusetts) Alarm List Company fires a volley at the rededication of the Salem Custom House.

MANAGEMENT

Customs' Bicentennial

The U.S. Customs Service anticipated its 1989 Bicentennial by publishing a series of historical publications and rededicating 10 historic customhouses.

Starting with original research, Customs has now published nine historical publications. They range in subject matter from Commissioners of Customs to J. Ross Browne, a special agent who wrote a satire on Customs more than 100 years ago.

All uniformed personnel began wearing a Bicentennial Patch celebrating the agency's 200 years of service to the nation. In addition, an early design of the Customs ensign was reissued to be flown over ports of entry during the Bicentennial period.

In honor of the Bicentennial, Customs rededicated historic customhouses in St. Augustine, Florida; Charleston, South Carolina; Galveston, Texas; New Orleans; San Francisco; Savannah, Georgia; Kennebunkport, Maine; Salem, Massachusetts; Norfolk and Yorktown, Virginia.

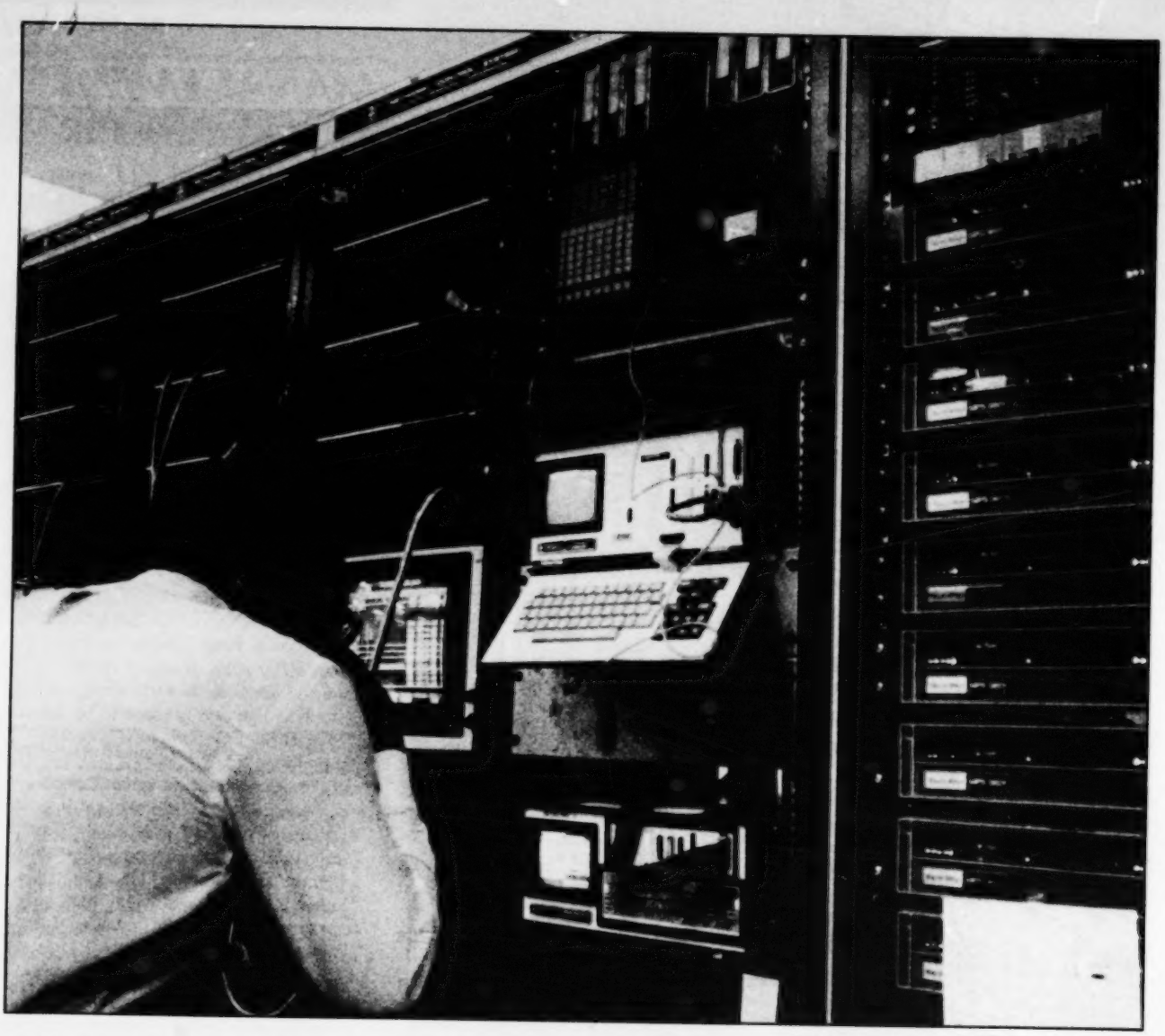
Fleet Management

In FY 1988 the Office of the Comptroller undertook several initiatives to improve the Customs vehicle inventory and management of the fleet agencywide.

New guidelines for the retention of forfeited vehicles were established to ensure Customs compliance with Congressional mandates regarding the retention of seized property.

Under the new criteria, only those vehicles suitable for inclusion in the vehicle inventory are retained. This eliminates many of the costs associated with old, high mileage or exotic vehicles.

The "police car" traditionally ordered for use by Customs law enforcement officers has been replaced with high performance vehicles that are not easily identifiable as government vehicles, but



Customs receives assistance from Senior Communications Technician Jim Aikens, who is analyzing trouble on one of the data circuits.

capable of supporting required equipment.

The Customs Vehicle Advisory Board was established with members representing regional and headquarters offices. The board provides feedback on user needs and recommends improvements to fleet management operations.

Equal Opportunity

Working with management throughout Customs, the Equal Opportunity (EEO) Office developed the Servicewide Multi-Year Affirmative Employment Plan and submitted it to the Treasury Department for forwarding to the Equal Employment Opportunity Commission (EEOC). The plan covers FY 1988 through FY 1992.

To ensure compliance with EEOC and Treasury requirements, on-site evaluations of the South Central, Pacific, Northeast and New York Regional EO Programs were conducted.

To develop recruitment sources for improving minority and female representation in certain occupational categories, the EEO office supported organizations such as the National Organization of Black Law Enforcement Executives, Mexican American Women's National Association, National Association for Equal Opportunity in Higher Education and the American Association for Affirmative Action.

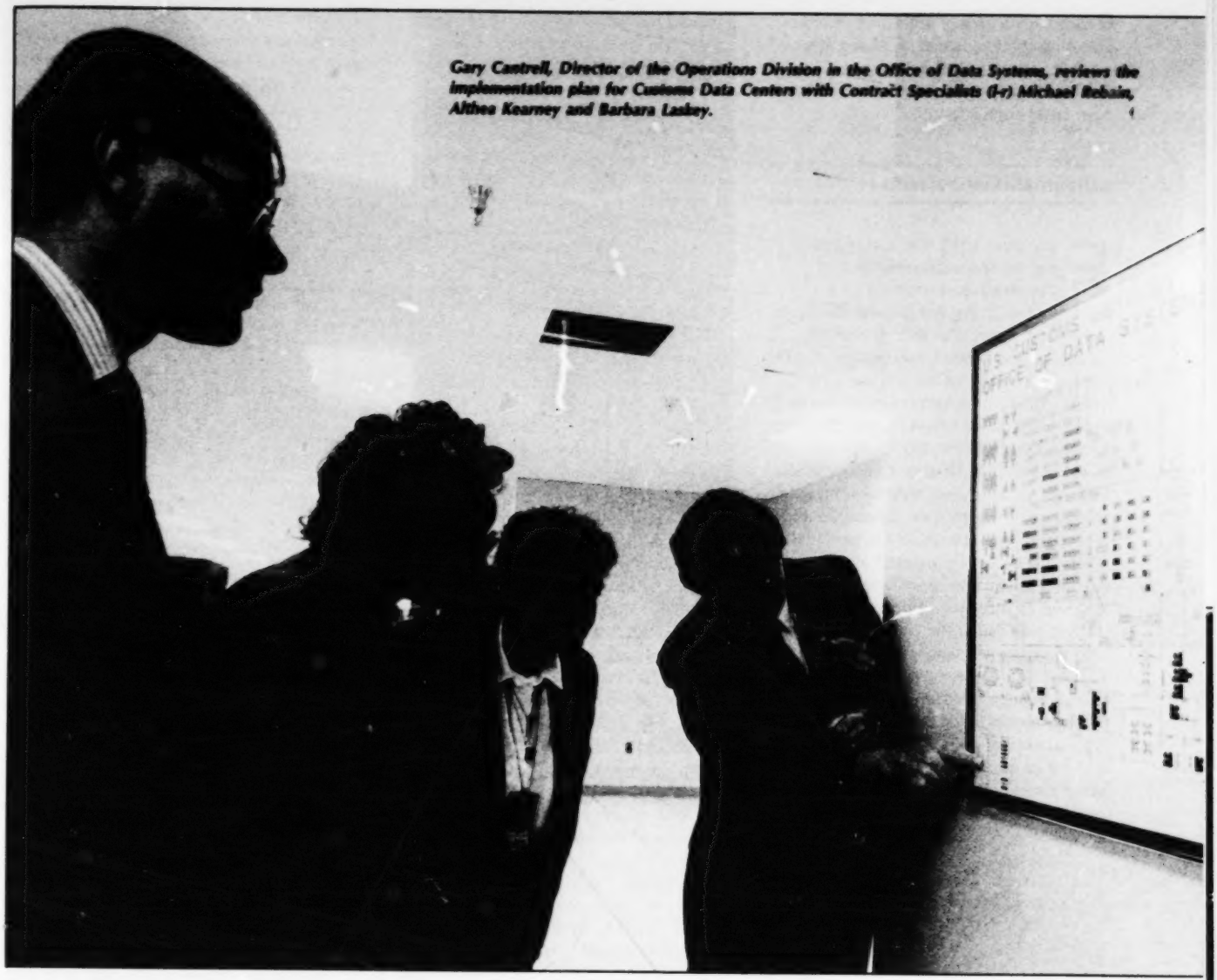
The EEO Office sponsored the first Multi-Regional Federal Women's Forum. This activity involved the Southwest, South Central and Southeast Regions.

In 1988 Customs issued several directives on such EEO subjects as Prevention of Sexual Harassment in the Workplace.

The EEO Office provided training on prevention of sexual harassment in the workplace and other EEO concerns for approximately 500 individuals.

Credit Card Program

Customs is now collecting duties with VISA/MasterCard at 20 locations. A specially designed register, equipped with a magnetic strip reader, allows cashiers to "swipe" credit cards for automatic credit card authorization,



Gary Cantrell, Director of the Operations Division in the Office of Data Systems, reviews the implementation plan for Customs Data Centers with Contract Specialists (l-r) Michael Robain, Althea Kearney and Barbara Lasley.

receipt printing and data capture. A total of 150 registers will be installed at 80 locations by the end of FY 1989.

Credit cards are also being accepted at the Seized Property Auctions conducted by Northrop Corporation. At the three auctions where credit cards were accepted, sales totaled $1,372,701, with $148,658 collected via VISA/MasterCard.

Personnel

Position Descriptions—Customs has constructed an automated database on the position descriptions (PD's) used by Enforcement.

The PD is an important tool for managers in assigning tasks; it is also critical to the budget process because it represents salary and benefit costs.

The new database, accessible to both managers and personnel specialists, facilitates quick action when a person has to be placed in a particular program or organization. It also assures that the manager and the personnelist are talking about the same position description.

This database is eliminating confusion and speeding the process of recruitment and reassignment, allowing Customs to use its most valuable resource—its employees—most effectively.

Bicentennial Awards—As part of the Customs Bicentennial celebration, many awards and gifts presented to Customs employees will bear the Customs Bicentennial seal.

Arrangements have been made with a commercial vendor to prepare a fine quality die from which to produce the seal.

Recruitment—Customs took off into state-of-the-art automated recruitment for pilots this spring.

The new system gives Customs managers the ability to electronically review an individual's application, along with lists of qualified applicants sorted by specific aircraft experience or hours of flight time.

This results in a faster, more orderly recruitment of pilots without the problems of lost, misplaced or incomplete applicant information possible with hard-copy documentation.

Drug Testing Program—The Customs Service was one of the first federal agencies to implement a drug testing program. Drug testing is required for candidates who are selected for positions covered by the program. These are candidates for positions that require: the carrying of a firearm; access to classified information;

or direct involvement with drug interdiction or the enforcement of related laws.

Under our pre-employment/pre-placement program, more than 5,300 tests have been conducted.

Administrative Systems

Fiscal year 1988 was a very active year for the implementation of administrative systems.

During the spring the Blanket Purchase Agreement Subsystem (BPAS) and the Customs Automated Travel System (CATS) were moved into production.

With BPAS, Customs personnel now enter contract information directly into the system through terminals located in their offices.

At the National Finance Center, BPAS forwards to the Customs Accounting and Management Information System (CAMIS) accounting transactions to obligate funds when call orders are entered and to issue payment when vendor invoices are matched to receiving information.

CATS automated the processing of travel authorizations, advances and vouchers. Travelers and Customs managers now submit travel and approval information through terminals located in their offices.

This information is verified within CATS and the proper accounting transactions are generated and passed to CAMIS to record the travel transaction and to generate payment to the traveler.

Data Systems

TECS II—The Customs Service recently completed its redesigned Treasury Enforcement Communications System (TECS II). The original TECS served Customs enforcement and inspectional needs for almost 15 years. TECS II continues this support by providing modern features geared to the ever-changing world of law enforcement.

The major operational component of TECS has been, and continues to be, our land-border and airport inspectors. At our borders, more than 150,000 vehicles are queried daily.

At airports, the new automatic passport readers have greatly improved and increased the query of incoming passengers.

Other initiatives in passenger processing include: a unified Immigration/Customs screening process; advance screening of passengers at foreign embarkation points; and an interface with airlines with electronic transmission of passenger manifests.

Under TECS II, Customs has increased support to investigative and intelligence areas. A key concept in this support is that of remote entry of enforcement reports by field officers. Agents and investigators now enter their cases, investigative reports and subject information directly into the TECS II database, making it immediately available for access by other users.

This process supports the rapid communication of investigative leads and is particularly beneficial for cases involving multiple offices or agencies.

These reports are also available to intelligence analysts, who use the raw data to develop leads and spot trends in criminal activity.

TECS II is also designed to support the Customs Air Program. The Private Aircraft Enforcement System (PAES) ties into FAA's regional computers to provide automated notice of pending arrivals through the transfer of flight plans. This data is made available to inspectors in preparation for their inspection of the arriving aircraft.

Results of their inspections are also stored in TECS II for future use by inspectors, agents and intelligence analysts.

The same data is routed to Air Branches and the Air Command Centers for coordination with their tactical operations.

In its short life, TECS II has already grown considerably with support to more than 20,000 users from 12 federal agencies, plus numerous state and local enforcement jurisdictions, utilizing some 7,000 terminals.

The system contains almost 200 million records of enforcement interest that are instantly available on-line, plus almost one billion records in off-line storage. There are also interfaces to enforcement data in a variety of federal and state systems.

ACS—During this fiscal year the reliability of ACS applications was improved with a series of computer hardware and software enhancements. These brought significantly improved response time for ABI brokers and AMS carriers.

Cargo release notifications are now available for brokers and carriers less than 10 minutes after processing through Cargo Selectivity. This level of service exceeds the user-required 15-minute window for cargo processing.

Many ACS initiatives were completed, including the conversion of more than 400 ACS programs to accommodate the Harmonized System, development of a Surety Information Reporting System and development of the Air Manifest Modules currently being tested.

In support of Day One initiatives, several features were added to ACS during the past year. These include programming of the Automated Clearing House (ACH) function for ABI duty payment, extensive programming in support of One-Stop Quota and participation in the ongoing effort of developing an international standard for Electronic Data Interchange (EDI).

Seized Property

In 1988 our contractor-operated, servicewide Seized Property Program matured as a business-oriented effort to:

- minimize the time and cost of holding and disposing of seized property,
- maximize return on assets sold, and
- maximize contractor support of Customs to enable operational personnel to concentrate on their primary missions.

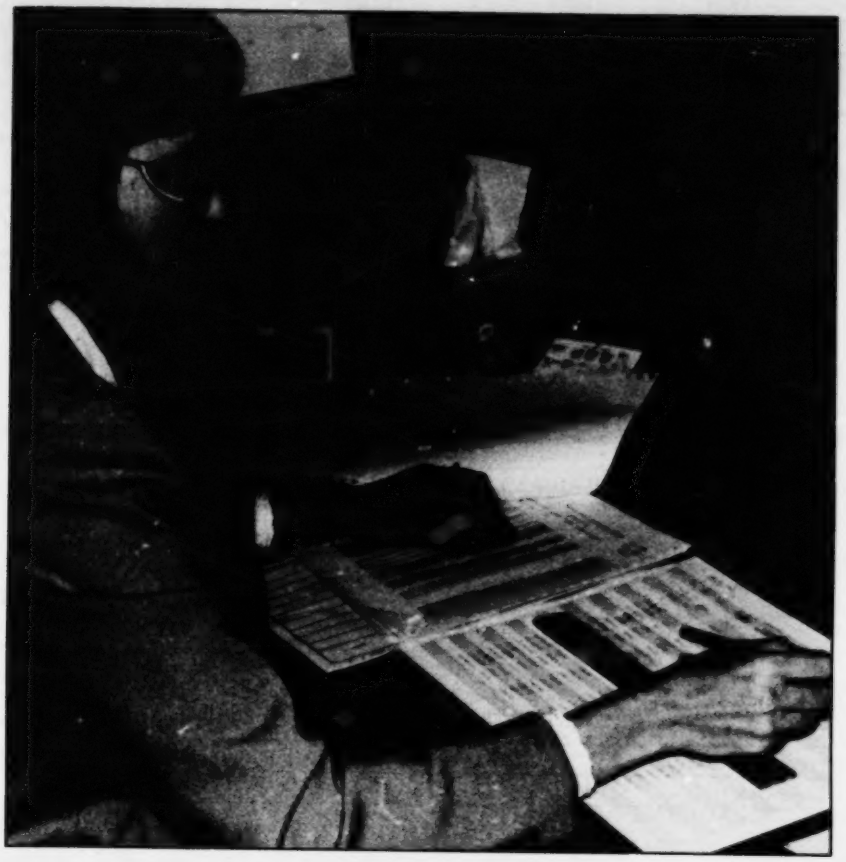
The worth of this initiative has been substantiated by numerous internal, external and General Accounting Office (GAO) program reviews which concluded that:

- the overall program was successfully implemented,
- the contractor operation is effective and still evolving,
- Customs field offices have benefited,
- accountability and integrity have been strengthened, and
- quantitative assessments confirm this progress:
  - — contractor labor costs run about $500,000 less than comparable Customs costs,
  - — the contractor has reduced holding costs by replacing high cost vendors and establishing contractor-operated facilities and
  - — the contractor has generated increased returns on assets sold.

Although not easily quantified, an equally important aspect of this success is the Customs manhours freed to perform other duties as a result of the transfer of administrative burdens associated with the custody, management and disposition of a $175 million inventory of seized property.

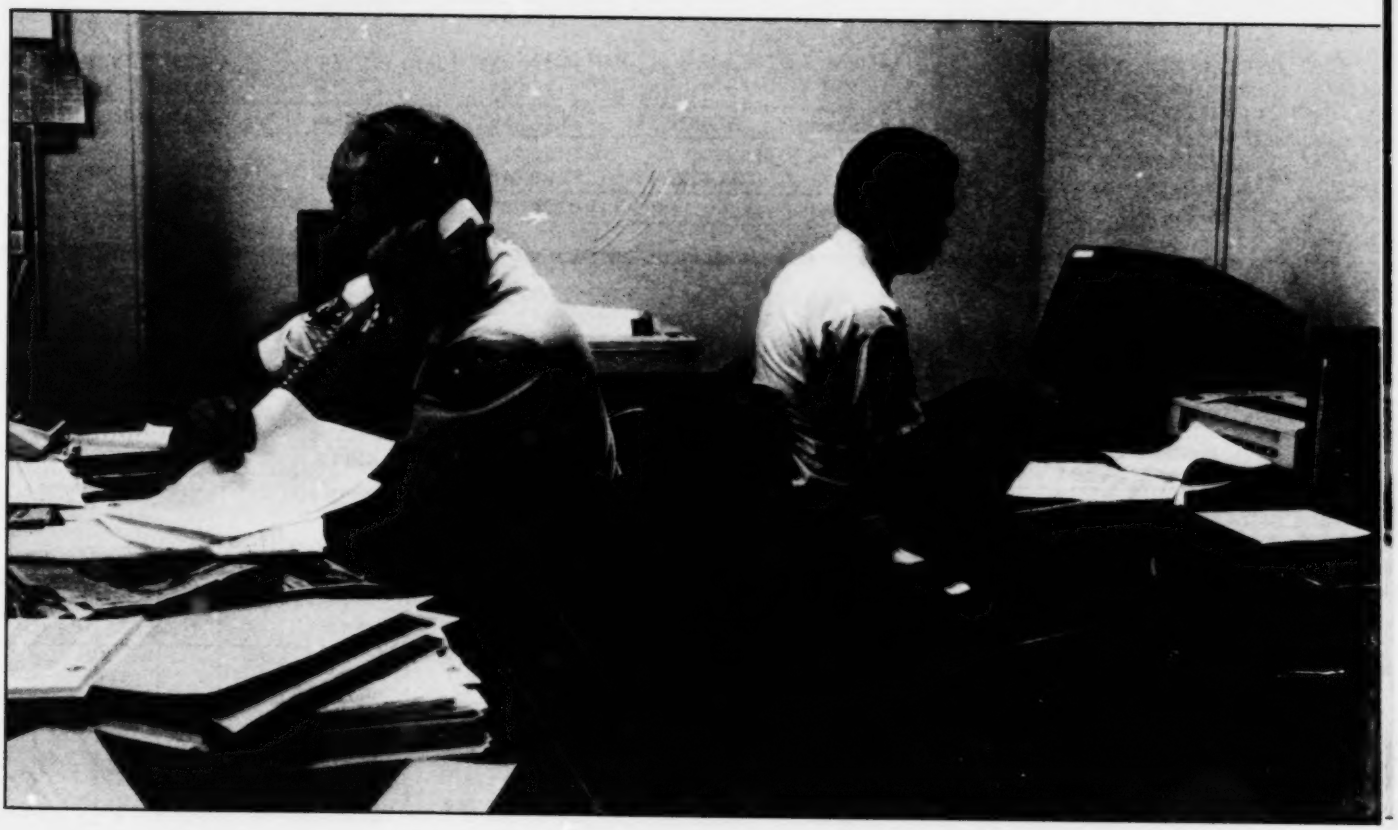
Building on the success of the contractor-operated seized property program, in 1988 Customs implemented a separate contract for the servicewide sale of general order (G.O.) merchandise.

This contract provides for the sale of forfeited property and G.O. merchandise at the same sale. The initial sales conducted at facilities in New York and Los Angeles have also proven very successful.



Technician Anne Allen is reconciling collections to deposits at Customs' National Finance Center.

Proficiency with ACS is a boon to specialized employees such as Inspectors (l-r) Jeffrey Cupp and Harold Bealer of the New Orleans Manifest Review Unit.



FINANCIAL & STATISTICAL INFORMATION

Merchandise Entries
(Excluding Puerto Rico and U.S. Virgin Islands)

Fiscal Year	1984	1985	1986	1987	1988
Formal Entries:					
Consumption free	1,881,941	1,912,131	2,036,790	2,444,315	2,658,131
Consumption dutiable	4,402,394	4,742,911	5,076,278	5,445,151	6,256,240
Vessel repair	1,437	1,172	1,204	938	1,054
Appraisement	323	225	223	263	912
Drawback	39,154	40,824	42,883	41,677	43,781
Warehouse & rewarehouse	95,337	92,930	93,237	90,232	85,851
Total formal entries	**6,420,586**	**6,822,601**	**7,250,615**	**8,022,576**	**9,045,969**
Other entries:					
Warehouse withdrawals	270,042	368,418	442,398	406,808	373,361
Mail	997,630	729,553	583,022	657,897	857,977
Informal Declarations	3,472,601	3,680,496	4,235,341	3,522,024	6,999,987
Free	18,862,543	19,979,443	20,281,165	20,699,925	22,548,519
Dutiable	549,181	715,653	582,534	587,866	565,214
Total other entries	**23,881,955**	**25,473,563**	**26,124,460**	**25,874,520**	**31,345,058**
Total Entries of Merchandise	**30,302,541**	**32,296,164**	**33,375,075**	**33,897,096**	**40,391,027**

Sources of Customs Operating Funds

Fiscal Year	1984	1985	1986	1987	1988
Appropriated	$ 599,481,000	$ 669,734,000	$ 717,000,000	$ 840,186,000	$ 966,000,000
Other sources[1]	$ 68,483,000	$ 72,605,000	$ 80,013,400	$ 59,964,524	$ 78,187,683
Return per $1 Appropriated	**$20.92**	**$19.76**	**$20.55**	**$19.57**	**$18.07**

[1]Reimbursements for overtime and for services rendered to other Federal agencies, private organizations and individuals.

Customs Collections by Region and District

[1]This location was eliminated as a district October 1, 1986. Ports formerly within the Bridgeport District are now reported in the Boston District.

Fiscal Year	1984	1985	1986	1987	1988
Northeast					
Boston	$ 409,422,100	$ 433,790,878	$ 496,663,548	$ 587,153,876	$ 630,367,208
Bridgeport[1]	58,108,749	58,267,367	53,609,229	—	—
Buffalo	253,609,444	260,005,586	261,319,027	282,159,379	330,974,887
Ogdensburg	131,255,260	126,090,646	123,188,048	154,686,342	164,251,576
Portland, Maine	34,846,810	36,981,461	41,844,654	50,783,721	62,819,864
Providence	43,541,070	34,342,706	47,785,323	73,172,571	57,195,817
St. Albans	32,978,893	35,897,775	38,225,388	52,249,564	57,315,072
Baltimore	346,949,318	388,144,421	477,417,395	519,964,547	531,994,624
Philadelphia	387,550,900	420,913,462	401,920,029	451,031,069	483,402,919
Total Region	**$1,698,262,544**	**$1,794,434,302**	**$1,941,972,641**	**$2,171,201,069**	**$2,318,321,967**
New York					
New York	$ 1,796,617,718	$ 1,756,954,061	$ 1,908,589,636	$ 1,986,022,990	$ 1,906,936,633
Newark	241,495,074	253,096,332	344,241,171	517,731,619	541,233,725
JFK Airport	1,326,193,386	1,380,126,356	1,552,589,516	1,676,756,355	1,781,470,641
Total Region	**$ 3,364,306,178**	**$ 3,390,176,749**	**$ 3,805,420,323**	**$ 4,180,510,964**	**$ 4,229,640,999**
Southeast					
Charleston	$ 202,910,948	$ 203,167,254	$ 275,303,495	$ 302,992,386	$ 329,273,322
Miami	188,272,740	204,940,622	215,691,949	238,639,845	282,966,013
San Juan	817,030	806,021	1,673,070	8,042,079	8,216,811
St. Thomas	—	28,866	23,355	113,814	114,803
Savannah	290,621,272	314,356,829	339,432,137	377,598,940	408,405,112
Tampa	352,237,076	395,553,265	435,565,799	485,265,796	396,759,710
Wilmington	114,223,372	129,551,912	133,362,824	143,473,060	157,142,475
Norfolk	170,471,188	189,710,532	216,294,385	237,987,358	265,688,463
Washington, D.C.	18,490,284	21,726,718	43,799,733	131,128,284	151,713,679
Total Region	**$ 1,338,043,910**	**$ 1,459,842,019**	**$ 1,661,146,747**	**$ 1,925,241,562**	**$ 2,000,280,388**
South Central					
Mobile	$ 53,952,850	$ 54,203,440	$ 39,196,836	$ 53,967,587	$ 51,826,931
New Orleans	321,263,125	338,818,513	330,277,015	384,047,276	468,861,801
Total Region	**$ 375,215,975**	**$ 393,021,953**	**$ 369,473,851**	**$ 438,014,863**	**$ 520,688,732**
Southwest					
Dallas/Fort Worth	$ 107,845,210	$ 118,067,385	$ 164,343,648	$ 164,825,189	$ 187,920,762
El Paso	54,621,603	61,964,160	73,913,124	71,226,234	93,041,988
Houston	407,060,075	434,749,976	415,390,527	399,049,631	459,177,740
Laredo	134,574,321	138,909,286	165,231,572	195,313,265	231,594,891
Port Arthur	11,121,569	7,469,930	12,125,699	15,035,370	24,208,529
Nogales	65,364,927	72,806,607	75,853,578	96,701,363	110,464,142
Total Region	**$ 780,587,705**	**$ 833,967,344**	**$ 906,858,148**	**$ 942,151,052**	**$ 1,106,408,052**
Pacific					
Los Angeles	$ 2,108,083,947	$ 2,341,023,009	$ 2,729,287,123	$ 3,002,847,946	$ 3,076,205,103
San Diego	56,847,968	61,098,111	70,314,801	89,669,137	104,050,004
Anchorage	9,169,807	10,621,186	15,297,969	8,264,307	11,039,050
Honolulu	52,859,734	46,971,242	48,587,547	52,073,951	52,571,259
Portland, Oregon	180,306,336	201,031,546	235,282,570	252,184,542	252,576,807
San Francisco	727,628,216	739,469,626	765,966,576	814,815,623	843,778,116
Seattle	558,904,644	574,293,730	603,042,670	729,797,276	762,373,544
Total Region	**$ 3,693,800,652**	**$ 3,974,508,450**	**$ 4,467,779,256**	**$ 4,949,652,782**	**$ 5,102,593,883**
North Central					
Chicago	$ 445,201,971	$ 508,497,187	$ 554,800,438	$ 599,683,069	$ 699,981,089
Cleveland	167,641,673	189,405,125	241,768,263	368,971,218	435,972,531
Detroit	430,538,218	411,305,858	476,015,812	518,218,884	620,891,619
Duluth	13,750,514	20,106,498	24,963,963	35,384,355	52,282,057
Milwaukee	32,983,701	32,160,711	31,878,091	33,900,732	40,988,690
Minneapolis	50,044,215	53,255,809	58,196,407	60,194,379	58,435,527
Pembina	19,436,884	30,616,457	29,670,863	35,872,251	55,428,283
St. Louis	79,277,688	86,013,582	94,832,814	115,709,575	136,686,173
Great Falls	52,307,868	59,857,202	66,414,149	70,486,609	83,032,359
Total Region	**$ 1,291,182,732**	**$ 1,391,218,429**	**$ 1,578,540,800**	**$ 1,838,421,072**	**$ 2,183,698,328**
TOTAL ALL REGIONS	**$12,541,399,696**	**$13,237,169,246**	**$14,731,191,766**	**$16,445,193,364**	**$17,461,632,349**

The U.S. Customs Service collected $118,332,507 for the Puerto Rico special fund for fiscal 1988 and $8,999,087 for the Virgin Islands deposit funds.

Customs Collections by Category

*The User Fee Account category was established by Congress in July 1986. The fiscal year 1987 amount is the result of the first full year of collection.

Fiscal Year	1984	1985	1986	1987	1988
Duties					
Consumption entries	$11,149,031,921	$11,775,136,632	$13,193,066,737	$14,297,924,788	$15,153,275,230
Warehouse withdrawals	504,028,346	533,787,351	411,189,214	353,587,288	320,360,117
Mail entries	15,854,280	16,518,402	16,625,204	13,501,732	20,537,135
Passenger baggage entries	24,726,009	33,201,048	30,117,710	29,672,722	28,723,730
Crew member baggage entries	1,052,392	1,346,103	936,791	677,337	613,751
Military baggage entries	227,909	689,285	224,594	163,052	158,484
Informal entries	20,388,271	42,780,538	34,908,566	27,663,518	28,329,569
Appraisement entries	93,246	117,062	159,133	70,974	203,689
Vessel repair entries	9,816,598	5,398,984	8,617,922	7,118,547	14,576,465
Other duties	59,575,185	114,658,248	130,028,502	168,963,392	208,321,465
Total Duties	**$11,784,794,157**	**$12,503,633,653**	**$13,825,874,373**	**$14,899,343,350**	**$15,775,099,635**
Miscellaneous					
Violation of Customs laws	$ 46,421,682	$ 45,769,010	$ 49,421,103	$ 65,468,605	$ 64,427,549
Marine inspection and navigational services	2,698	2,114	1,450	5,979	12,593
Testing, inspecting and grading	103,722	108,979	102,132	101,875	203,109
Miscellaneous taxes	15,058,086	15,527,171	15,851,058	15,841,873	17,337,006
Fees	16,687	40,288	32,535	19,302	27,910
User Fee Account*	N/A	N/A	12,168,289	642,905,450	786,983,907
Unclaimed funds	118,331	374,401	3,052,264	1,810,859	1,081,325
Recoveries	16,088	29,190	9,597	11,301	39,461
All other Customs receipts	1,139,506	1,609,220	4,086,486	4,537,986	4,017,920
Total Miscellaneous	**$ 62,876,800**	**$ 63,460,373**	**$ 84,724,914**	**$ 730,703,230**	**$ 874,130,780**
Internal Revenue Taxes	**$ 693,728,739**	**$ 670,075,220**	**$ 820,592,479**	**$ 815,146,784**	**$ 812,401,934**
TOTAL COLLECTIONS	**$12,541,399,696**	**$13,237,169,246**	**$14,731,191,766**	**$16,445,193,364**	**$17,461,632,349**

Carriers and Persons Entering the United States (Excluding Puerto Rico and U.S. Virgin Islands)

CARRIERS					
Fiscal Year	**1984**	**1985**	**1986**	**1987**	**1988**
BY REGION					
Northeast	14,884,415	15,507,447	15,877,018	17,290,237	18,993,976
New York	59,270	59,088	74,710	60,973	59,177
Southeast	162,944	173,202	174,727	155,613	197,279
South Central	15,870	15,668	14,718	14,417	16,461
Southwest	39,997,932	39,223,891	41,525,456	40,679,188	44,526,395
Pacific	24,236,713	23,878,980	26,964,173	26,973,029	31,632,405
North Central	10,403,709	10,884,014	11,180,738	11,930,635	12,626,170
Total	**89,760,853**	**89,838,735**	**95,811,540**	**97,104,092**	**108,051,863**

BY TYPE OF CARRIER	1984	1985	1986	1987	1988
Commercial vessels direct from foreign ports	45,310	47,686	49,735	50,409	58,043
Commercial vessels via other U.S. ports[1]	(34,319)	(33,853)	(34,417)	(31,720)	(35,093)
Ferries	81,037	55,965	46,711	44,867	50,079
Private vessels	60,560	61,600	60,095	58,540	65,776
Military vessels	1,033	1,068	1,621	5,328	2,050
Other vessels	3,586	3,398	4,380	4,664	7,379
Preclearance commercial aircraft	N/A	87,513	88,441	89,430	97,124
Commercial aircraft direct from foreign ports	225,247	240,130	421,380	270,346	289,689
Commercial aircraft via other U.S. ports[1]	(13,451)	(21,947)	(16,613)	(21,820)	(26,797)
Military aircraft	16,290	14,812	23,909	23,128	26,844
Private aircraft	65,367	62,332	132,011	121,026	132,137
Other aircraft	N/A	N/A	N/A	N/A	N/A
Aircraft not requiring entry	77,649	79,713	87,341	77,941	89,983
Trucks[2]	4,087,669	4,200,635	6,297,672	4,904,713	5,183,982
Buses	253,202	249,178	269,491	259,664	264,663
All other ground vehicles (including POV's)[3]	84,697,856	84,545,526	88,327,633	91,182,114	101,775,631
Trains	38,171	37,511	37,431	36,323	36,651
Total	**84,736,027**	**84,832,215**	**94,932,227**	**96,382,814**	**108,141,921**

[1]A vessel or aircraft arriving from a foreign port often proceeds to another U.S. port to unload cargo. This requires the same carrier to enter all subsequent ports. These entries are reflected in parentheses and included in the total number of carriers processed by Customs.

[2]Trucks include all commercial trucks, carrying and not carrying cargo.

[3]POV's include recreational vehicles, privately owned trucks, motorcycles, taxis, snowmobiles, hearses, ambulances and other motorized ground vehicles.

PERSONS BY REGION	1984	1985	1986	1987	1988
Northeast	42,917,851	43,388,404	44,905,532	44,502,235	48,614,801
New York	9,015,799	9,195,014	8,910,497	7,847,625	9,208,884
Southeast	7,150,711	7,801,669	8,346,813	8,530,602	10,915,171
South Central	163,352	165,175	134,735	190,033	219,685
Southwest	116,553,179	116,540,702	119,324,842	118,148,389	133,354,278
Pacific	82,156,387	81,889,191	88,320,555	93,127,701	109,708,255
North Central	29,979,346	30,541,296	31,552,630	37,876,733	44,717,143
Total	**287,936,625**	**289,521,451**	**301,495,604**	**310,223,318**	**356,738,217**

BY MODE OF TRAVEL	1984	1985	1986	1987	1988
Vessels	2,477,610	3,093,296	3,166,372	2,914,441	4,205,843
Ferries	963,633	796,008	863,645	936,555	1,159,525
Commercial planes	23,385,246	24,591,857	23,966,338	25,251,045	30,512,494
Precleared planes	6,618,198	6,722,065	6,908,247	7,178,996	7,575,142
Military planes	723,776	723,200	715,409	725,743	757,284
Private planes	445,000	430,594	424,918	397,061	435,487
Ground vehicles and on foot	253,323,162	253,164,431	265,560,675	272,819,477	312,092,442
Total	**287,936,625**	**289,521,451**	**301,495,604**	**310,223,318**	**356,738,217**

Seizures for Violations of Laws Enforced by Customs

Fiscal Year	1984	1985	1986	1987	1988
Prohibited non-narcotic articles					
Number of seizures	20,225	15,849	12,785	32,254	12,435
Vehicles					
Number of seizures	9,347	9,323	8,911	11,400	11,936
Domestic value	$ 62,953,753	$ 80,666,094	$ 74,597,069	$ 84,806,987	$ 97,040,880
Aircraft					
Number of seizures	157	145	123	176	128
Domestic value	$ 50,327,176	$ 150,448,420	$ 17,414,450	$ 112,479,486	$ 204,364,484
Vessels					
Number of seizures	558	524	292	535	365
Domestic value	$ 49,255,944	$ 41,226,619	$ 14,423,560	$ 23,783,142	$ 121,778,167
Monetary instruments					
Number of seizures	2,088	1,114	1,370	2,138	3,056
Domestic value	$ 67,734,486	$ 95,838,434	$ 121,535,526	$ 102,382,985	$ 164,751,188
General merchandise					
Number of seizures	33,334	32,679	30,489	40,257	24,203
Domestic value	$ 348,796,395	$ 277,339,278	$ 237,849,607	$ 417,750,271	$ 483,015,000
Total Seizures	**65,709**	**59,634**	**53,970**	**86,760**	**53,187**
Total Domestic Value	**$ 579,067,754**	**$ 645,518,845**	**$ 465,820,212**	**$ 741,202,871**	**$1,080,956,382**

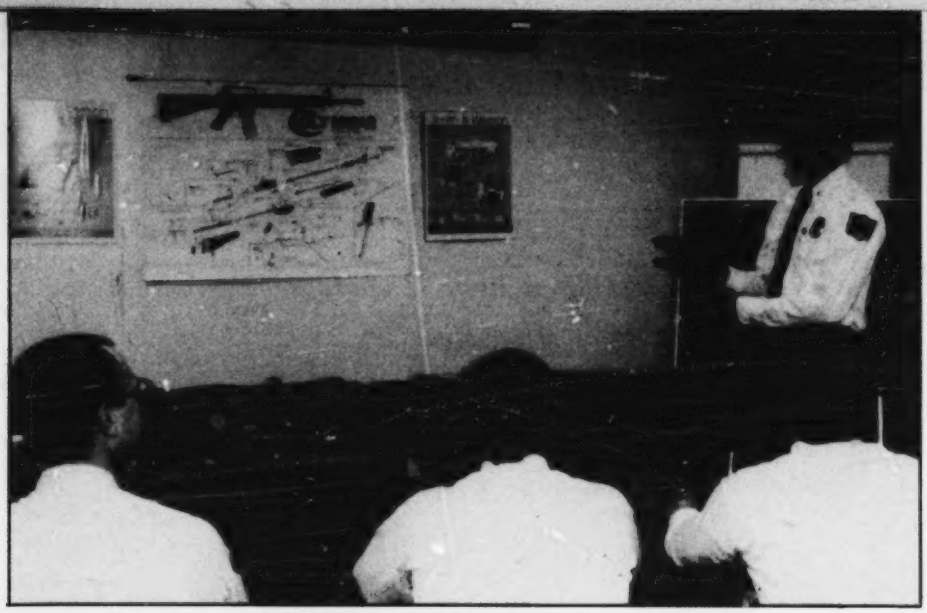
Seizures of Narcotics and Dangerous Drugs

[1]Values of heroin, cocaine and marijuana estimated from DEA national retail price data for the period July–September 1988.

[2]Value of hashish estimated from Royal Canadian Mounted Police (RCMP) Canadian retail price data for the month of August 1988.

[3]Values for opium, morphine and other drugs cannot be estimated because of a lack of U.S. price data. Estimated values of "other drugs" for years prior to FY 1988 were based on an estimated mix of drugs which is no longer considered valid.

Fiscal Year	1984	1985	1986	1987	1988
Heroin					
Number of seizures	396	426	406	527	323
Quantity (in lbs.)	664.3	784.6	692.4	639.0	1,353.4
Value[1]	$ 428,476,808	$ 491,123,665	$ 399,491,591	$ 391,289,414	$ 905,230,449
Cocaine					
Number of seizures	1,625	2,164	2,577	2,158	2,340
Quantity (in lbs.)	27,525.8	50,506.4	52,520.9	87,898.3	139,958.3
Value[1]	$ 3,338,728,200	$ 3,544,052,927	$ 3,381,668,467	$ 5,659,516,676	$ 9,713,054,601
Hashish					
Number of seizures	1,530	1,948	2,158	1,930	1,677
Quantity (in lbs.)	42,389.5	22,970.0	17,555.4	1,073.2	94,675.1
Value[2]	$ 77,360,838	$ 41,920,250	$ 22,822,020	$ 1,717,120	$ 263,575,478
Marijuana					
Number of seizures	12,304	12,002	10,377	14,569	11,216
Quantity (in lbs.)	3,274,927.2	2,389,704.1	2,211,068.1	1,701,149.6	918,953.7
Value[1]	$ 3,143,930,112	$ 2,867,644,920	$ 2,918,609,892	$ 2,653,793,376	$ 1,764,391,104
Opium					
Number of seizures	429	1,118	807	538	950
Quantity (in lbs.)	258.0	505.0	321.2	1,014.6	1,481.8
Value[3]	N/A	N/A	N/A	N/A	N/A
Morphine					
Number of seizures	156	10	8	8	12
Quantity (in lbs.)	12.6	3.3	0.6	4.2	20.1
Value[3]	N/A	N/A	N/A	N/A	N/A
Other Drugs, Barbiturates and LSD					
Number of seizures	2,627	2,179	2,680	3,345	2,723
Quantity (in units)	6,819,717	22,540,573	1,424,682	3,881,793	1,120,129
Value[3]	$ 28,847,403	$ 95,346,624	$ 6,026,405	$ 16,419,984	N/A
Total Seizures	**19,067**	**15,280**	**19,013**	**18,078**	**19,241**
Total Value	**$ 7,017,343,361**	**$ 7,040,088,376**	**$ 6,728,618,375**	**$ 8,722,736,570**	**$12,646,251,632**



Supervisory Inspector Day of Detroit is giving weapons familiarization and basic marksman instructions

The Commissioner is looking at the new Customs display in the National Air and Space Museum in Washington, D.C. (below).